

The NATIONAL UNDERWRITER

MILLERS NATIONAL INSURANCE COMPANY • CHICAGO

1865



1937

FINANCIAL STATEMENT

December 31, 1936

ASSETS

Government Bonds (Canada).....	\$ 174,694.23
Government Bonds (United States).....	1,629,265.80
Railway Bonds	537,392.24
Public Utility Bonds.....	855,569.26
Stocks	459,305.00
Cash in Banks and on Hand	935,398.85
Premiums in Course of Collection.....	408,075.78
Reinsurance Recoverable on Losses....	7,457.01

Total Funds Convertible Into Cash on

Short Notice	\$5,007,158.17
School Bonds	407,121.02
State, Municipal and County Bonds.....	534,403.41
Industrial and Other Bonds.....	159,814.84
Real Estate	77,815.80
Accrued Interest on Investments.....	38,500.72

***Total Assets** **\$6,224,813.96**

LIABILITIES

Unpaid Losses, Net	\$ 235,792.98
Reserve for Unearned Premiums.....	2,492,594.42
Reserve for Accrued Taxes.....	60,000.00
Reserve for Accrued Expenses.....	40,000.00
Reserve for Contingencies.....	800,000.00

Total Liabilities **\$3,628,387.40**

Permanent Fund	\$1,000,000.00
Net Surplus Over All Liabilities.....	1,596,426.56

Total Surplus **\$2,596,426.56**

*December 31, 1936, Security Values are those established by the National Convention of Insurance Commissioners. Market values are \$221,287.08 higher.



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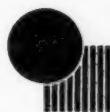
THESE silent salesmen are willing workers that pave the way for your approach on Burglary insurance.

It's always easier to make the second call on the prospect. These leaflets make the first call for you and thus pave the way for what you want to tell your prospect.

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 The Travelers Fire Insurance Company
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Horace Hall once said, "Patriotism is a blind and irrational impulse unless it is founded on a knowledge of the blessings we are called upon to secure and the privileges we propose to defend."

NO COUNTRY has greater blessings to appreciate or more extensive privileges to defend than America. Nor has any other country such enormous values in property subject to loss—nor such a huge and menacing record of fire losses.

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Thanks to the American Agency System insurance companies are able to provide and distribute sound indemnity against loss for every need, and thus help to sustain the credit of the business of the nation through its service in every community of every State.

• • •

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Great Texas Convention Nears Close

Debits and Credits Are Summed Up in Year's Entry

President Wilson, National Association of Insurance Agents, Recites Record

DALLAS—Complete harmony in internal relationships and a mixed situation in outside dealing was reported by President W. Owen Wilson in opening the annual convention of the National Association of Insurance Agents.

On the credit side of the ledger, Mr. Wilson mentioned the work of the Business Development Office, the Stock Company Association and the successful negotiation by the surety committee of an agreement on commissions on large contract bonds. On the debit side of the relations with companies, he mentioned the proposed new agency contract, lack of cooperation from the surety companies on bonds required by administrative departments at Washington, failure of the casualty companies to set up an organization similar to the Business Development Office, production branch offices and failure to conclude the program of going after business on financed automobiles.

Undertaking Educational Work

The increased agency interest in educational programs, Mr. Wilson stated, has caused a change in the tone of this meeting, as well as in the past mid-year meeting at Omaha. More and more time is being given to discussion periods, group sessions and salesmanship symposiums. The number of insurance educational courses has increased and most of these are under direction of members of the National association. The increase in qualification laws places a plain duty on the association, he declared, to provide the opportunity for the young man or woman who wants to go into the insurance business to secure the necessary training. These courses are an irrefutable answer to charges that agents who seek to establish a high standard for applicants for licenses are trying to bottle up the field and make it impossible for new recruits to get in.

In connection with financed automobiles, Mr. Wilson declared that a number of lending institutions operating on a national basis under the wing of the Federal Housing Administration have been using their power of credit to coerce insurance on properties on which they make loans. In two states, when confronted with legal action to stop this, the lending institutions ceased such activities. The Federal Housing Admin-

(CONTINUED ON LAST PAGE)

Finance Company Men Weigh Collision Problem

Auto Dealer's Attitude Blamed for Much of the Loss in Discussions at Chicago Meet

That the automobile finance companies are keenly aware that a critical problem exists in the sharp and continued increase in collision losses was evident in the size of the attendance, from the tone of the discussion and the intentness with which the proceedings were followed at the group meeting to consider the question "How finance companies can reduce collision losses" during the convention in Chicago of the National Association of Sales Finance Companies. This was the most largely attended of any of the group meetings at the convention. The meeting ran overtime and several of those who had been scheduled to participate in the discussion were cut off.

Branch Managers Educated

L. M. Seiver, president Automobile Banking Corporation of Philadelphia, presided. He declared the question of collision losses is closely related to the destiny of the finance company. The financing institutions, he declared, have slowly been getting into the insurance business. The cost of money and the cost of insurance are the two factors that now govern the fortune of the finance business. Mr. Seiver said his company is now sending monthly leaflets to clients on various phases of highway safety. He voiced the belief that an extension of such propagandizing may have an effect on accident frequency.

The insurance problem was presented to the branch managers of Mr. Seiver's concern, he said. They were instructed to become interested in the insurance

(CONTINUED ON PAGE 16)

D. F. Broderick Prepares Treatise, Hitting the Dealer and Suggesting Reform Procedure

An earnest demand that the finance companies immediately and aggressively seek to control collision loss cost is contained in a paper prepared by David Broderick, president of the D. F. Broderick agency of Detroit, which handles some of the immense finance accounts. The paper was prepared for delivery at the session in Chicago of the National Association of Sales Finance Companies that was devoted to consideration of how to reduce collision losses. Mr. Broderick was unable to attend, and C. M. Verbiest, vice-president of D. F. Broderick, Inc., went to the meeting, prepared to read Mr. Broderick's paper. However, due to a slip on the part of the presiding officer, the meeting was adjourned before Mr. Verbiest could be called upon.

Mr. Broderick puts his finger on the automobile dealer as the key to the solution of the high collision loss cost. For instance, he said that one of the factors tending to increase collision loss cost on financed automobiles as contrasted with those on cars purchased outright, is "the rather general practice of patronizing the original selling dealer, the uncooperative attitude of such dealer and a little too much emphasis on dealer good will."

Sees Roman Holiday

In another place, in referring to the dealer's attitude, he said: "He has seen in the large volume of collision losses and the incidental repair and replacement business an opportunity to declare a Roman holiday to reap new and unexpected profits from his service operation. Both the honest and the dishonest

(CONTINUED ON PAGE 31)

Many Activities at Dallas Muster of Local Agents

Group Sessions Were Prominent Features of the Annual Convention

DALLAS—While the indications are that W. H. Menn of Los Angeles, member of the executive committee of the National Association of Insurance Agents, will be elected chairman, a movement was started for Sidney O. Smith of Gainesville, Ga., who retired from the committee a year ago and who could have been elected by acclamation at that time. Both men have been very useful. Mr. Menn has the advantage of being conversant with present activities.

By C. M. CARTWRIGHT

DALLAS—The annual meeting of the National Association of Insurance Agents is in full swing here, the first general session starting Wednesday morning after two days of strenuous conferences and group meetings. The executive committee received individuals and delegations that desired to present recommendations or had demands to make. On Monday there was a joint meeting of the national executive committee and state association presidents. Coincident with this meeting were two group conferences, one being executive secretaries and managers of local boards, the other executive secretaries and managers of state associations.

On Tuesday morning were the national council breakfast conferences followed by the joint meeting of the national council and state officers, presided over by C. F. Liscomb of Duluth, national executive committee chairman. As usual there were the reports from the territorial conferences. E. J. Cole, of Fall River, Mass., reported for the east, G. W. Carter of Detroit for the middle west, H. C. Arnall of Newnan, Ga., for the south, and G. C. Appleton of Fresno, Cal., for the far west.

New Plan for Dues

W. H. Menn of Los Angeles presented the report of the finance committee, he being chairman and he and Secretary Bennett explained the new system of state dues whereby associations can now appeal to rural and farm agents to become members at \$2.50 a year. The states are grouped into seven classes and the sliding scale is applied according to their ability to pay.

C. E. Meek, Jr., of Paterson, N. J.,
(CONTINUED ON PAGE 18)

Observe Fire Prevention Week

An extensive Fire Prevention Week program is being carried out in all sections of the country in an effort to reduce the annual toll to life and property. President Roosevelt and the governors of all the states have issued proclamations and civic organizations and schools are carrying out special programs including talks by experts.

Insurance men played an active part in Fire Prevention Week. T. Z. Franklin, manager of the Automobile's special hazard department, spoke to the Philadelphia Rotary Club and the Bethlehem Pa., chamber of Commerce. Mr. Franklin supplemented his lectures by laboratory demonstrations to illustrate the nu-

merous fire hazards and the methods of preventing fires.

The Western Actuarial Bureau's fire prevention experts have a busy schedule. R. E. Verner is talking at Dearborn, Mich., Columbus, O., East Chicago, Ind., Kansas City and Chillicothe, Mo. H. K. Rogers is on programs at LaCrosse, Wis., Aurora, Ill., Rochester, Minn. and Winona, Minn.

Mr. Rogers was in Detroit last week speaking before groups planning special prevention week programs.

J. Burr Taylor is speaking at Belleville, Ill., Kansas City, Kan. and Oklahoma City. The campaign is conducted along a broad front.

More Opposition to New York Code Draft Anticipated

Insurance Men Approve Project Generally But Find Controversial Provisions

NEW YORK—Fire and casualty company officials are much interested in the proposed New York insurance code, even though there was only limited attendance of big executives at the initial hearings in this city September 27-28. Agents and brokers, likewise, have a very real interest in the suggested changes. It is probable that there will be good attendance at further public hearings to be held within the next two weeks.

There was little time before the first hearings to study the draft as copies were not generally available before Oct. 1. For this delay, the insurance department was not to blame, as the printer gave assurance that the fire and casualty section would be distributed on or about Sept. 16.

Hope to Rush Approval

Although vigorous opposition developed at the hearings last week, it does not follow that other proposed changes will meet similar reception. It is believed that many of the proposed changes will be endorsed by insurance men. The department concluded to present matters of controversial character first, in the hope that the other proposals of less importance then would be quickly adopted, making possible submission of the entire code to the legislature early next year. It is believed by insurance men, however, that months will be required to satisfy all interests, for in addition to the several issues challenged at the recent hearings, there are some other suggested changes likely to provoke even greater antagonism.

Appreciate Pink's Attitude

Though differing from the department committee responsible for preparation of the tentative code, as to the wisdom of many proposals, insurance men approve the broad-gauge attitude of Superintendent Pink in pushing a thoroughly modern set of insurance laws that will not only safeguard property-owners as far as possible, but also will deal fairly with insurance. The desire is to make this a model code. Mr. Pink made clear the draft is only tentative and he called for frank criticisms and suggestions.

The New York insurance laws at present are a jumble of original statutes and amendments, and the need for thorough, intelligent revision long has been recognized. Former Superintendent Hotchkiss early in his administration in 1909 urged revamping the laws, and other superintendents subsequently have done likewise.

Public hearings upon the proposed code will be resumed Oct. 14-15, Assemblyman R. F. Piper, chairman legislative committee conducting the hearings, announced.

The first five articles, dealing with definition, penalties, organization of insurance department, administrative and procedural provisions, organization, licensing and corporate procedure of insurers, and assets, investments and deposits, the last mentioned affecting life as well as fire, casualty, surety and marine companies, will be reviewed Oct. 14. Consideration will be given the next day to Article VI, which treats of agents, brokers and adjusters, life as well as miscellaneous.

Nearly 1,000 Attend the National Convention of Mutual Companies

GRAND RAPIDS, MICH.—Nearly 1,000 are on hand for the meeting of the National Association of Mutual Insurance Companies. This meeting carries the idea of departmentals to an extreme with nine separate groups in session during one period.

Considerable attention is being given to the lay adjuster question. A. B. Kelly of the American Mutual Alliance gave a talk on this matter.

B. Rees Jones, president Town Mutual Dwelling of Des Moines, said the personnel of mutual companies is 150 percent of what it was in 1929. Perhaps the most significant address of the convention was that of E. W. Sawyer, assistant general counsel Liberty Mutual, on automobile liability underwriting.

W. H. Rowe of the federal bureau of agricultural economics described the project of crop insurance as applied to wheat.

Kincer Gives Talk

J. B. Kincer, United States Weather Bureau, described tornadoes and thunder storms as typically American in a talk "Wind and Hail Storms in the United States." The strength of the tornado is superior to that of any structure which men may build to withstand it, he said. He cited the disaster at Gainesville, Ga., in which, in the space of a few minutes, more than 200 people were killed and property destroyed to the extent of \$13,000,000. The question had often been raised, he said, as to whether buildings of heavy, solid masonry and office buildings with strong steel frame work can withstand the force of a violent tornado. Varying results contradict any basis to prove the permanence of any structure.

Property loss from windstorms other than tornadoes from 1916 through 1935 was \$385,970,000 or a yearly average of nearly \$20,000,000. Outstanding losses cited were those occurring in Florida in 1926, the property damage amounting to

Special Issue to Cover National Agents Meeting

A special number covering the proceedings of the National Association of Insurance Agents' annual convention in Dallas will be issued by The National Underwriter this week. C. M. Cartwright and J. C. O'Connor are representing the editorial staff and the issue will carry complete details and special convention pictures.

\$76,000,000, and the Galveston disaster of 1900 with a \$30,000,000 property damage.

Hail, he stated, is a warm weather phenomenon. "Hail insurance is a natural development," he said. For the 17-year period from 1909 to 1925 the aggregate losses to major agricultural crops were: Wheat, 228,000,000 bushels; oats, 286,000,000; corn, 360,000,000 bushels.

A thorough discussion of the social security act was given by Dr. A. J. Altmeier, chairman of the Social Security board. He said the program is a basic one and should not be criticized for its small benefits. He did not give any indication that the present reserve plan or graduated tax scale will be modified.

Harris to Virginia Department

C. W. Harris has resigned as Virginia general agent of the Merchants & Business Men's Mutual Fire of Harrisburg, Pa., to become assistant rate clerk in the Virginia department. He succeeds A. F. Jordan, who takes a similar position with the District of Columbia department. Mr. Jordan is a brother of W. A. Jordan, Jr., Virginia special agent of the Royal group.

Mr. Harris served as rate clerk in the Virginia department for several years before going with the Harrisburg company. His successor with that company is V. P. Heimlick of Virginia Beach, who formerly represented a reciprocal in North Carolina.

St. Louis Parley Friday May Bring Solution

Company-Agency Conference Slated — Controversy Reaches Dallas Scene

DALLAS — Executives of all companies represented in the Charles L. Crane and Case, Thomas & Marsh agencies in St. Louis are to have a conference there Friday with the principals and with Ward Seabury of Chicago, president of Marsh & McLennan. Officials of the Fire Underwriters Association of St. Louis will be available if they are desired.

Still Hope for Harmony

It is hoped some steps can be taken that will lead to harmony. President A. F. Felker, in presenting the case to the executive committee of the National Association of Insurance Agents here, stated he did not ask the organization to espouse the cause of the St. Louis association and fight its battle. He did suggest that in due season the committee attempt to devise some plan that will better protect local business against non-resident attack and save it more effectively for resident local agents. The committee will take the matter under advisement.

The St. Louis agents asked that a resolution be adopted stating that where a local board passed a rule prohibiting non-residents from becoming members such a regulation be respected. The St. Louis committee came here vested with full power to act. Its members are inclined to believe that the companies are unnecessarily delaying negotiations.

Statement by President Felker

President Felker issued the following statement after conference with the executive committee:

"The St. Louis delegates to the National convention are extremely gratified with the reception of their campaign against the spread of multiple national agencies. The various problems which arose in the St. Louis Board itself as the result of Marsh & McLennan's attempt to gain membership there are, they believe, nearly all solved. When they left St. Louis Sunday, after two days of conferences with companies and agencies up to last week still 'on the fence,' they felt that there was greater unity and militant strength than has been called out in many years, particularly as one after another of these organizations subordinated personal feelings and got in line.

"We realize that we are not the first board to resist the domination of local fields by large brokerage houses, for the agents in Ohio and other states have successfully fought this movement; but we feel that the problem should be recognized as national and that it must be faced by the National association. If large brokerage houses with a network of branches all over the country are allowed to enter local fields where the local boards are perhaps too weak to resist their encroachment, then we can see the eventual death of the local agency system.

See Grave Danger

"We have been pleased and a little surprised to hear from company managers that they also see grave danger in the national agency systems; for these large systems dominate the underwriting and some of the management of the companies they represent and when this condition becomes intolerable the

(CONTINUED ON LAST PAGE)

THE WEEK IN INSURANCE

National Association of Insurance Agents holds annual meeting in Dallas. Page 3

President W. Owen Wilson of the National Association of Insurance Agents sums up the debit and credit entries in agency relationships for the year at the Dallas meeting. Page 3

Animated discussion takes place in session of automobile finance company executives to consider the problem of high collision losses. Page 3

A conference is scheduled to be held in St. Louis on Friday of this week that is expected to bring a solution to the St. Louis controversy. Page 4

Walter H. Bennett declares agents should have voice in and management of insurance business at National Association of Insurance Agents meeting. Page 5

McClure Kelly, Pacific Coast manager of the North America, is dead. Page 8

Subjects discussed at joint conference of state presidents and executive committee members of National agency association. Page 6

National association revises dues scale to aid in developing rural areas. Page 8

Rural agents conference at the meeting of the National Association of Insurance Agents meeting was of prime importance. Page 8

Much material is brought out in the various committee reports at the convention of the National Association of Insurance Agents at Dallas. Page 5

Other controversial provisions in fire and casualty sections of proposed New York code may delay approval for some time. Page 4

Tennessee agents meeting program completed. Page 6

Annual meeting of National Association of Mutual Insurance Companies is held in Grand Rapids. Page 4

W. H. Stewart of Chicago, chairman surety committee of the National Association of Insurance Agents, reports on agreement with companies as to commissions on large contract bonds. Page 23

After considerable discussion insurance section of American Bar Association at annual meeting endorses the model bill governing the operation of unauthorized companies. Page 23

Executive committee of National Association of Insurance Agents issues statement in complaint against Massachusetts Bonding. Page 25

Status of automobile insurance under new Illinois code is outlined by Attorney R. J. Polonie. Page 25

Comparative reserve figures presented in Massachusetts compulsory automobile liability rate hearing. Page 25

Speakers in Ohio fidelity bond campaign are announced. Page 24

Commissioner Hunt of Pennsylvania wins suit to collect on fidelity bond covering defaulting executives of the defunct Penn General Casualty, but loses in similar attempt in case of defunct Keystone Indemnity Exchange. Page 24

Guest hazard in automobile claims discussed by H. S. Evans at Grand Rapids meeting of mutuals. Page 24

E. W. Sawyer of Liberty Mutual makes significant observations concerning automobile liability matters in talk before meeting of mutual companies. Page 23

Program is announced for the Ohio Association of Insurance Agents annual convention at Toledo. Page 37

Voice for Agents in Management is Asked by Bennett

National Association Secretary Demands Rights as Independent Contractors

DALLAS—A voice for agents in the management of the insurance business was demanded by Walter H. Bennett, secretary of the National Association of Insurance Agents in his keynote talk before the annual meeting here on "The Power of Knowledge."

"Today an insurance agent, although an independent contractor, supposed to be enjoying advantageous contractual relations with an insurance company, has little or nothing to say about the compensation he is to receive for his services, nor the kind or form of insurance protection he may provide for his clients needs," declared Mr. Bennett. "And what is more, although he is in possession of a solemn contract, usually in writing, relating to his operations, nevertheless that contract is subject to change without his knowledge or consent. It is conceivable that such a power vested in one party might bring about injury to the other party that would be inequitable and unjust."

Knowledge Must Be Used

Referring to the theme of the convention, "Knowledge Is Power," Mr. Bennett denied that knowledge alone can be of any use. Dynamic application of this knowledge is necessary to produce power. Agents, he declared, have knowledge of all the conditions of their business, but they must apply this knowledge by concerted action if they are to attain the power which morally and legally belongs to them.

While insurance companies are willing to confer with agents, Mr. Bennett admitted, at no time have they ever recognized the right of agents to negotiate on a bargaining basis. Any advantages which have accrued to agents have been brought about because of corresponding advantages to companies, or at least a condition that involved no disadvantages. "Let me concede now," he continued, "that on many such occasions we have knowledge of reasonableness on

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Agents' Committee Reports Discuss Varied Activities

DALLAS—Because one session was lopped off the program this year, the National Association of Insurance Agents changed its procedure regarding reports of committees. Instead of the reports being read, the members were furnished with copies and given an opportunity to ask questions and discuss the subject matter. The only exception was the report of the finance committee, which, as usual, was read before the joint meeting of national councillors and state officers.

FIRE PREVENTION

In the report of the fire prevention committee, H. H. Lipps, Lewiston, Ida., chairman, praised the activities of the New York and Michigan associations and the local boards of Dallas, Savannah and Greenwich, Conn. A particularly important new activity, he stated, is the improvement or modernization of fire fighting equipment and the expansion of local fire department personnel, both of which suffered badly during depression years. Fire prevention work, he stated, is a legitimate means of building up the prestige of the agent and his profession, either individually or as a group. He suggested that rural agents use booths at county fairs.

ACCIDENT PREVENTION

The report of the accident prevention committee was prepared by Col. Frederick Hickman, Atlantic City, chairman, who was unable to attend the convention. The accident situation, he stated, has shown very little improvement, industrial employment being the only department in which satisfactory progress has been made in reducing the accident frequency and severity. Home and farm accidents are on the increase and traffic fatalities will probably reach an all time high this year. There has been a decrease in deaths among young people, but this is offset by an increase in the death rate of adults. The only consolation may be that the increase in gasoline consumption will result in a drop in the percentage of accidents to gasoline consumed.

The outstanding development of the year, according to Colonel Hickman, was the organization of the safety conference

under federal offices at Washington. It has come to the conclusion that high speed must be recognized as an accident cause in itself and controlled by more stringent methods than driver education. Mechanical control of automobiles and general zoning of federal highways has been suggested. Periodic inspection of motor cars, enforcement of existing laws, passage of strong drivers' license laws and strengthening existing laws, further education of drivers, co-operation among states and modernization of highways are other points of the program of the safety conference. Eleven states have no drivers' license laws and 16 states have laws classed as sub-standard. The adoption of safety regulations by the Interstate Commerce Commission for firms engaged in interstate trucking has helped uniformity of regulation. The safety work formerly carried on by the National Bureau of Casualty & Surety Underwriters has been transferred to the Association of Casualty & Surety Executives, having been reorganized under the name of the National Conservation Bureau. This organization is now preparing and distributing more pamphlets on safety work. The whole situation, concluded Col. Hickman, would be discouraging if it were not for the fact that the success attained in industry shows that traffic accidents can also be reduced if the subject is approached intelligently and followed through.

LEGISLATION

The legislative committee had little to report in the way of federal legislation affecting insurance, due to the prolonged debates on the U. S. Supreme Court issue and other administration bills during the last session of Congress. P. H. Midyette, Tallahassee, Fla., chairman, reported that the Washington office reviewed 12,625 bills and resolutions, very few of which were enacted. Much incomplete legislation will be carried over into the next session.

The only legislation which directly affected insurance was the Cochran bill, which eliminated private insurance on valuables shipped by the government. Insurance had previously been controlled by a firm of New York brokers, although no other property has been insured by the government. The Bankhead-Jones

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Cousins Sees New Relationship of Company, Agent

Two Forces Act Today as Groups Rather Than Individuals

DALLAS—R. B. Cousins, Jr., in addressing one of the local board conferences at the meeting here of the National Association of Insurance Agents, applauded the present disposition of companies and agents to confer in respect of matters of common interest. He traced the development of the agency system, observing that changes have come not with sinister deliberation on the part of either the company or the agency group, but because of irresistible forces in the economic structure.

The setting up of the Stock Company Association to handle HOLC and other business in which government agencies are interested, was a real achievement and gave convincing proof of the possibilities and efficacy of combined efforts in the common cause, he said.

B. D. O. Is Happy Omen

The creation of the Business Development Office is another happy omen, he said.

"The stock company forces were almost in rout before competitors," he observed, "and their separate efforts at retrieving lost ground and holding that which they had were anything but inspiring or successful. Their attacks on the problem were lamentably weak. When it finally came to the point of desperation a joint effort of companies and agents was conceived as a solution to the problem, out of which all companies and all agents could expect a proportionate profit."

"The trend now is toward a saner cooperation born of a realization of the utter dependence of the company upon the agent and the agent upon the company," he declared. He expressed the hope that the disposition toward suspicion and recrimination has vanished.

Mr. Cousins, who is secretary of the Texas Fire Prevention Association Committee, pointed out the change in relationship throughout the years from one in which the company and agent dealt with each other in a private and indi-

(CONTINUED ON PAGE 30)

EXECUTIVE COMMITTEEMEN AT DALLAS RALLY



CHET V. DAVIS, Sheridan, Wyo.



ARTHUR B. DUNBAR, Omaha



C. STANLEY STULTS, Hightstown, N. J.



JOHN K. BOYCE, Amarillo, Tex.

Tennessee Agents All Set for Chattanooga Meet Oct. 14

Beiling, Fitzpatrick, Powell and Otstot Among Headliners—Plan Special Group Breakfasts

The complete program for the annual meeting of the Tennessee Association of Insurance Agents at Chattanooga Oct. 14-15 has been announced by President W. S. Keese, Jr. The convention will open at 10 a. m. Thursday and N. H. Grady will welcome the visitors to the Chattanooga exchange after the invocation and welcome by Mayor Baer. H. Phelps Smith of Nashville will respond. Reports will be made by President Keese, Henry McMillan, national councillor; Leslie M. Ross, secretary-treasurer, and C. B. H. Loventhal, legislative committee chairman.

There will be formal talks at the first morning session by Commissioner McCormack and by Oscar Beiling, Royal-Liverpool group, on "Office Management and Routine."

Plan Discussion Periods

A discussion period is provided after each formal talk. Thursday noon an executive meeting will be held and the subjects discussed will be referred to the resolutions committee. Various committees will then lunch together.

At the Thursday afternoon session greetings will be brought from the National association. The value of the managerial plan to a state association will be discussed by S. G. Otstot, Raleigh, manager North Carolina association. F. C. Wendt, Atlanta, will discuss the First Banccredit Corporation plan and R. H. Gustetter, president Tennessee Fire Underwriters, will talk on "Business Development Plans." A discussion session will follow each speaker. An executive session will be held prior to adjournment.

The annual banquet will be held Thursday night with Silas Williams as toastmaster. A dance will follow.

Special Breakfast Meets

Two breakfast meetings will be held Friday morning at 7:30. Agents who are members of local boards will meet with W. D. Pettigrew, Knoxville, chairman. Ten minute talks will be made by W. C. Brown, Chattanooga; B. C. Gross, Nashville; Russell Briscoe, Knoxville; George Oldham, Johnson City; Allen Fisher, Memphis; A. V. Patton, Jackson.

At the session for agents not members of local boards, H. W. Bransford, Union City, will preside. Following discussions, reports will be made on rural agents plans, mutual and unfair competition and part-time agents, considered at the national convention in Dallas.

The regular Friday morning session will be opened with a talk on "A Few Phases of Advertising and Selling," by C. J. Fitzpatrick, vice-president United States Fidelity & Guaranty. "The Romance of the Judicial Bond Business," will be discussed by Russell Briscoe of Knoxville and James E. Powell, vice-president Provident Life & Accident, will talk on "Accident Insurance as an Agency Builder."

At the final session on Friday afternoon reports will be made, officers elected and the last executive session will be held.

Paul Kirkpatrick Injured

Paul Kirkpatrick of Dallas, vice president Dallas Insurance Exchange, chairman of the program committee at the National Association of Insurance Agents convention, was seriously injured in an automobile accident as he and his wife were returning from Waco where they were in attendance at the funeral of Mrs. Kirkpatrick's mother. Mrs. Kirkpatrick was also injured. They are in a hospital there.

Finds 18 'Standard' Policies Required in United States

"The Effect of Statutes Upon the Fire Policy" was the subject of an analytical address by Ambrose B. Kelly of the American Mutual Alliance, Chicago, before the fire insurance round table of the insurance section of the American Bar Association at the big meeting in Kansas City.

Mr. Kelly divided such laws into those intended to affect the policy, such as standard policy laws, coinsurance laws, etc., and those enacted for other purposes, but which affect the construction of policies, such as building ordinances restricting the rebuilding of damaged structures, definition of riot, etc. He took the "intentional" only for his subject.

Laws Are Classified

Laws which have been passed by more than one state affecting the fire policy seem to fall into the following classification: Those which (1) require the use of a standard fire policy; (2) make the face amount of the policy payable after total loss; (3) regulate use of coinsurance clause; (4) extend the time within which action can be brought on policy; (5) prevent avoidance of contract for misrepresentation, except where intentional or material; (6) control the size of type which may be used; (7) govern cancellation.

In addition there are single laws, such as that in Mississippi which describes a mortgage clause and reads it into the policy whenever there is a mortgage, whether a clause is actually attached to the policy or not.

Through all the laws, said Mr. Kelly, runs a deep and abiding distrust of fire insurance companies, their agents, and the contracts which they offer the public. That this feeling has not disappeared is shown by the address of the president on Constitution Day.

18 Separate Policies

Companies operating in all states require not less than 18 separate policies. The policy most widely used is the old New York form, which was adopted in 1886. It is required either in its original form or with variations in 15 states, Arizona, Connecticut, Georgia, Idaho, Louisiana, Missouri, Nebraska, New Jersey, North Dakota, Oklahoma, Oregon, Rhode Island, South Dakota, Texas and Washington.

In 15 other states it is generally used. The new New York form is used in six states and the District of Columbia, Illinois, New York, Virginia, West Virginia, Wyoming and New Mexico. In four more a variation of it, usually the form referred to as that of the National Convention of Insurance Commissioners, has been adopted, Michigan, North Carolina, Pennsylvania and Wisconsin. In Vermont and North Carolina this policy has been adopted by ruling of the insurance commissioner. Thus the junior form or a variation is used in 12 states and the District of Columbia.

The first standard policy, that of Massachusetts, is still in use in four states, Massachusetts, Maine, Minnesota and New Hampshire.

California and Iowa have standard forms of their own.

Comment By Mr. Kelly

Observations by Mr. Kelly on the standard policy statutes were as follows:

1. Although the statutory standard fire policies fall into four general categories there are so many variations that a company operating in all states must have a minimum of 18 separate policies.

2. The adoption of statutory policies which must be used by all companies has checked the development of the fire insurance policy. The latest revision is now 20 years old and the form in most general use was drafted 50 years ago. Without the statutory standard policy

competition would have resulted in frequent revision.

3. The statutory standard policy has made it impossible to secure uniformity of policy forms among the states.

4. Future progress would probably be best served by the repeal of all standard policy laws and the substitution of legislation requiring all policies to be approved by the insurance commissioner. This is the plan now followed in more states and its advantages over the statutory policy are apparent.

5. An attempt to secure the adoption of a revised standard policy, however much a revision is needed, will probably only make a bad situation worse by adding a fifth major form to those now troubling the companies.

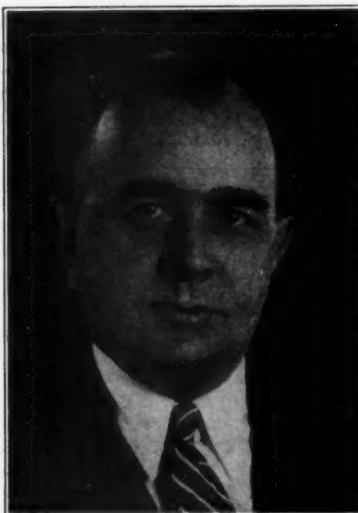
6. The importance of the court decisions now on the books annotating the provisions of both the old and new New York policies, as a compelling reason for continuing to use these forms, has been greatly exaggerated.

Valued Policy Laws Still Strong

Valued policy laws, said Mr. Kelly, grew out of the zeal of agents in overselling, but the sentiment behind such laws has not died out. The 23 states having valued policy laws are Arkansas, California, Delaware, Florida, Georgia, Iowa, Kansas, Kentucky, Louisiana, Minnesota, Mississippi, Missouri, Nebraska, New Hampshire, North Dakota, Ohio, South Carolina, South Dakota, Tennessee, Texas, Washington, West Virginia and Wisconsin. In five of the states the company is required to have the insured property inspected by its agent. These states are California, Florida, Minnesota, Ohio and Tennessee. In Tennessee, Oregon and Oklahoma, overinsurance is forbidden and the company is forced to return excess premiums for the entire period during which it has carried insurance. In 10 states the valued policy law applies only to real property, Delaware, Florida, Kentucky, Louisiana, Nebraska, North Dakota, Iowa, Texas, Washington and West Virginia.

(CONTINUED ON PAGE 30)

Will Officiate at Banquet Of the Past Presidents



KENNETH H. BAIR

Kenneth H. Bair, Greensburg, Pa., immediate past president National Association of Insurance Agents, will preside over the annual banquet of the past presidents Thursday evening at Dallas. Mr. Bair is a member of the executive committee of the National association.

Agency Contract Discussed at Joint Meeting in Dallas

Question of Unauthorized Insurance Is a Prominent One at the State Presidents Conference

By J. C. O'CONNOR, JR.

DALLAS—At the joint meeting of state presidents and executive committee of the National Association of Insurance Agents, much attention was given to the agency contract sent out by companies, President Wilson and Secretary Bennett both opposing the form. It was stated that President Paul Haid of the Insurance Executives Association has now secured a joint meeting of companies and agents to discuss the matter.

Attention was given the proposed New York insurance code. The association is vigorously opposed to the state endeavoring to regulate commissions as set forth in the draft. It was deemed advisable not to take any action on the revised standard fire policy, as the question is now before the National Association of Insurance Commissioners and its committee will arrange for hearings. The meeting commended the New York code for containing a provision making the premium reserve a trust fund. It was deemed wise to emphasize the trust fund principle rather than place too many restrictions as to investments.

Considerable time was given to highway safety. It was stated Superintendent Pink of New York intends to call a conference of agency organization and company men to see if some plan can be devised to spread insurance over far more car owners in order to get a more favorable experience. Then rates could be reduced that would enable the masses to carry insurance and this would reduce the demand for compulsory insurance.

Unauthorized Insurance

Much time was taken in discussing unauthorized insurance.

It was moved that it be the sense of the joint meeting that the executive committee itself or by assignment to the legislative committee, take steps to consult both company representatives and the National Association of Insurance Commissioners in order to determine their present attitude on the matter of curbing non-admitted carriers. It is the intent to urge the commissioners to make good their pledge that they can handle the evils of that situation and they be asked to bend every effort to consummate such an enterprise within a reasonably short period. Further, if they fail through state legislation or conclude that the matter cannot be handled by state legislation, they be asked to cooperate wholeheartedly with this organization in securing effective federal legislation with the understanding, of course, that this step is to be invoked only as the last resort as and if a final conclusion is reached that the question cannot be handled by individual state action. In suggesting this action to the executive committee, this meeting further recommended that a thorough study be made not only of all previously suggested methods of state legislation, but also of the suggestion that the matter might possibly be effectively handled by state legislation providing for limitation of reinsurance.

Quits Canadian Life Field

The London & Scottish, which ceased to write new life business in Canada Sept. 30, now has about \$17,000,000 of life insurance in force in the Dominion. Existing policies will be serviced and the company will continue active in other lines.

J. M. Hancock, 54, local agent at Oakland City, Ind., died at his home there.



Bird's Nest Soup

INCLUDED in the contents of General Stores in Singapore—insured by the Royal-Liverpool Groups—are such delicacies (specifically mentioned in the policies) as edible birds' nests and fish maws.

The nests, greatly prized by many orientals, are made by a species of swiftlets of the Pacific and Indian islands, and for the most part are used in the making of soups. The nests are sold for their weight in silver.



This is No. 2 of the series, "Round the World with the Royal-Liverpool Groups." No. 3 finds the Groups in New Guinea.

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Rural Agents Conference Attracts Much Attention

DALLAS—The rural agents conference, headed by R. W. Forshay, Anita, la., chairman rural agents committee, occupied an important place in the pre-convention activities of the National Association of Insurance Agents. It attracted considerable attention among observers, due to the campaign which the National association is putting on to increase its membership in smaller centers.

In his report Mr. Forshay emphasized that the bulk of the membership is from the larger cities and the association can anticipate an almost unlimited future expansion if it reaches the bulk of agents in less populous centers and that to do so it must more specifically recognize the problems of the rural agents. Four divisions, taking in the same territory as the four major fire company bodies, have been created under the rural agents committee. The first step was to secure the cooperation of the state associations, with the result that the number of associations having rural agents committees increased from 13 to 40. The new allocation of dues, which opens membership to agents in the low premium brackets, is, stated Mr. Forshay, the most important step yet taken by the National association to further membership in this field.

Business Development Material

Extension of the activities of the Business Development Office to farm and other rural lines was also announced by Mr. Forshay. A special farm release has been prepared by F. S. Dauwalter,

director of the Business Development Office, and will be distributed to rural agents in the near future. In Western Underwriters Association territory further material is now in course of preparation and fall and winter zone meetings will be held. The material, Mr. Forshay stated, while designed directly for farm lines in W.U.A. states, has been compiled so that it can be used as a pattern for similar meetings in other districts.

Mr. Forshay recommended that association officers in each state request the appointment of a special field men's committee to work with the state rural agents committee on business development work. He also asked for further advertising on the part of stock fire insurance companies, particularly a campaign with a rural appeal.

Efforts at Washington

The Washington office of the National association has been working hard in an effort to convince federal government officials that insurance of the Farm Security Administration, formerly called the "Resettlement Administration," which is now in mutuals, should be written in stock companies and through local agents. Success along this line will do much to increase the prestige of the National association with the producers in the rural territories.

Comment on the cooperative movement is strong in rural centers, Mr. Forshay stated, and the association must be ready to help the rural agent defend the profit motive in his operations.

Publish Complete Directory, Data on Mutual Companies

A valuable directory of fire and casualty mutual companies has been published by the American Mutual Alliance, 919 North Michigan avenue, Chicago. It is the most complete list published and contains pertinent data on each organization, including premiums, losses and insurance in force. There are 2,423 mutual fire companies having a total of \$146,504,487 premiums and \$56,757,959 losses in 1936. Wisconsin leads with 251 mutual fire companies, followed by Pennsylvania with 248, Illinois 243, Iowa 181, Minnesota 180. Assets of all mutual fire companies total \$342,504,325 with \$218,588,697 surplus.

There are 191 casualty mutual companies, Illinois, Iowa and New York, each having 24. The premiums written by all mutual casualty companies totaled \$180,116,827 in 1936, losses paid \$74,058,548, assets \$255,426,639 and surplus \$60,027,205.

According to the American Mutual Alliance summary there are 3,291 active United States insurance companies, 276 being stock fire, 159 stock casualty, 117 stock accident and health, 2,422 mutual fire, 191 mutual casualty, 46 mutual accident and health, 67 reciprocals and 13 Lloyds. There are 73 foreign stock fire and casualty companies and seven Canadian stock companies operating in the United States.

Dunne Gets Indiana Charter

Articles of incorporation have been filed with the Indiana secretary of state by Dunne's International Insurance Reports and the "Insurance Index" at 16 Voigt building, Jeffersonville, Ind.

Mrs. Ruth M. Warner of the Ohio insurance department, was badly injured Tuesday morning when her automobile skidded and crashed into the side of a viaduct in Columbus. She is the wife of Judge Charles T. Warner, former Ohio superintendent.

Jenner Elected President of Washington Society

SEATTLE—R. C. Jenner of Jenner's Insurance Agency was elected president Insurance Society of Washington at the annual dinner. A. L. Pearson of the Northern Life becomes first vice-president, and Harriet Leighton, Northern Life, secretary-treasurer.

Vice-presidents in charge of various branches are: J. B. Moorehouse, United Pacific, casualty; Gilbert Erickson, Northwestern Mutual, fire; Howard Morrill, Northern Life, life; Harold Lind, Johnson & Higgins, ocean marine; Titus Grimstead, American Bonding, surety; Henry Johnson, Northwestern Mutual, inland marine.

Mutuals in Ohio Bound by Contracts Despite Ruling

COLUMBUS, O.—Any contracts which have been written in the Farm Bureau Mutual Fire or Farm Bureau Mutual Automobile upon property of political subdivisions including school houses are undoubtedly in effect, regardless of whether or not a membership fee has been charged, it was stated here upon good authority. The company, having issued the policy, it is said, is undoubtedly bound by it and fully liable under its terms and provisions in event of loss unless it formally and legally cancels the policy or it expires.

The attorney-general recently held political subdivisions may not insure in mutuals where a membership fee is charged. It was stated this week that all such policies when they expire will have to be rewritten under some legal plan whereby a membership fee is not charged, and boards of education and other political subdivisions, officers and members should recognize the necessity of demanding return of the membership fee because "it is apparent that findings will be made against them where these membership fees have been paid."

North America's Pacific Coast Manager Dies



McCLURE KELLY

SAN FRANCISCO—With executives of all the leading fire and casualty companies, organizations and civic and business leaders in attendance, funeral services were held in Palo Alto for McClure Kelly, Pacific Coast manager of the North America, who died at his Los Altos home.

Coming to the coast in 1909 as assistant manager for the Franklin, Mr. Kelly assumed an active role in company affairs, serving on numerous committees in the Pacific Board and other organizations. For years he was a member of the public relations and laws committees of the board as well as serving as president of the Pacific Coast Adjustment Bureau two years. Later he became a member of the executive committee of the Fire Companies Adjustment Bureau and a member of the executive committee of the Pacific Coast branch of the National Board. He served for many years as a member of the Washington advisory committee and in 1931 was elected president of the Pacific Board.

Mr. Kelly remained with the Franklin until 1916 when he became manager for the Yorkshire and Northern of New York, later becoming assistant manager for the North America when his office was combined with that company. In this capacity he became associated with James C. Johnston, and upon the retirement of Mr. Johnston was named manager of the companies.

He began his insurance career in his birthplace, Hopkinsville, Ky., as an errand boy in his father's local agency. Later he served as bookkeeper for the Queen in the southern department at Atlanta. In 1894 he was appointed special agent for the Queen and five years later accepted a field position with the St. Paul, covering Texas and Louisiana. Later he entered the general agency business at Houston and Dallas, where he remained until he came to the Pacific Coast in 1909.

In addition to his widow and younger son, Mr. Kelly is survived by his brother, Wallace Kelly, Pacific coast manager of the Yorkshire and Seaboard F. & M. and his son, McClure Kelly, Jr., member of the insurance brokerage firm of Kelly & Thomas, San Francisco.

Mr. Kelly had been in poor health for several months and underwent an operation in June. However, his condition was not generally thought to be critical. He was undergoing treatment and it was expected that he would be in good shape by the first of the year.

L. M. Wagner, 77, chairman of the Wagner-Taylor agency of Philadelphia, died in a hospital at Boston. His father organized the agency in 1866.

New National Dues Scale to Aid in Rural Activities

Menn Tells of Arrangement to Aid Finances of State Associations

DALLAS—Important changes in the methods of allocating dues of the National Association of Insurance Agents were described by W. H. Menn, Los Angeles, chairman of the finance committee, in his report to the convention before the first meeting of the National Council and state officers. The new scale is intended to supplement the activities of the rural agents committee by making it easier financially for agents in sparsely settled areas to join the association and at the same time to help a state association having a preponderance of rural members to retain enough of the dues paid so that it may carry on its activities with sufficient capital.

The new plan divides the state associations into seven classes, depending upon the total premium income of each state. National association dues run from \$2.50 to \$6 per year in the different classes, the number of required members in each bracket depending upon the state classification. The old plan called for national dues of \$6 per year for each member. It was recognized that in many states there was an undue proportion of members who paid only the minimum dues, which meant that the state association had very little left over after paying its National association allocation.

Build Up Reserves

State associations with allocations reduced under the new plan are expected to set aside the difference as a trust fund to accumulate each year until it reaches an amount approximating one year's allocation. This, reported Mr. Menn, will produce complete financial solvency for the state association and provide proper working capital.

The executive committee has ordered that mailing of the "American Agency Bulletin" shall be discontinued in any state where the state association's payment of any of the instalments on its allocation falls 75 days overdue. The time limit for these payments will expire Dec. 15, Jan. 15, Feb. 15 and March 17.

Unpaid Balances Reduced

Mr. Menn reported that the state associations are in much improved financial condition, unpaid current state balances at the close of the year being only \$1,437. There are still some unpaid balances from former years' allocations, but the amount is being reduced. The finance committee has prepared a budget for the coming fiscal year of \$85,079, an increase of \$930 over the previous year. While receipts were \$1,010 less than the preceding year, expenditures were \$550 less and income exceeded expenditures by \$2,849.

Gulf Names Stebbins Office, Expand Central West Staff

DALLAS—Three members of the Dallas home office staff of the Gulf have been sent to Indianapolis to work in the newly formed central department under direction of H. F. Sweeney, manager. They include J. E. Goff, formerly special agent out of the Dallas office, who will be a fire underwriter, and Dale Helm and Pauline Ashley, clerks.

The Gulf also announced it is entering New Mexico and has appointed the Stebbins General Agency of Denver as general agent for New Mexico.

Brooks with Trenton Agency

H. B. Brooks, formerly assistant manager casualty lines for the Travelers in Philadelphia, has joined the important Walter F. Smith agency of Trenton, N. J., as vice-president.

Personals Concerning Big Dallas Convention

Oklahoma insurance interests are well represented at the convention of National Association of Insurance Agents at Dallas this week, headed by three members of the state insurance board: J. G. Read, president; A. C. Moore, secretary; and Mott Keys, rate expert.

Herbert Heiman, president Fire & Casualty Insurance Agents of Oklahoma City, leads a large representation from his organization, and G. D. Saint, manager Oklahoma Association of Insurers, reported more than 75 members signed up from the state. In addition 20 or more field men are attending.

S. F. Weiser, secretary Dubuque Fire

& Marine, is attending the meeting at Dallas with T. M. Hogan, Illinois state agent. Following the convention they leave for a short fishing trip in Mexico.

E. A. Henne, of Chicago, vice-president America Fore group, spent several days in Oklahoma City, guest of State Agent T. Ray Phillips. He addressed the Oklahoma Fire Underwriters Association mid-year meeting. He left with a group of Oklahoma City men to attend the National Association of Insurance Agents convention at Dallas.

F. J. O'Neill, president Royal Indemnity, and G. W. McCagg, production manager Eagle Indemnity, left New York by motor for Dallas some days ago. After the convention stops will be made at various agencies in the south.

R. L. Cliett, assistant manager, Royal

group in Atlanta, has been conferring with field men in Texas on his way to the Dallas convention, stopping at San Antonio for a brief visit.

The Standard Accident is represented by R. H. Platts and J. A. Mullen, vice presidents; Hal A. White, superintendent of agents; F. G. Bradley, superintendent contract bond division; O. A. Maxwell, Dallas manager, and G. L. Powledge, special agent.

E. C. Knapp, agency supervisor at the head office of Aetna Casualty, is attending the annual meeting of the National Association of Insurance Agents in Dallas. He has been an extensive traveler during the past few weeks. He went to Colorado Springs to represent the casualty company at the regional convention and then to the coast.

Commissioner Yetka Will Address Convention of Insurance Engineers

Frank Yetka, Minnesota commissioner, will be the principal speaker at the convention of the Association of Mutual Fire Insurance Engineers at the Nicollet Hotel, Minneapolis, Oct. 28-29. "Electrical Hazards," a brief discussion of the fire hazards inherent in frac-



FRANK YETKA

tional horsepower motors, will be the topic of Prof. L. R. Drinkall, Dunwoody Institute. Other speakers will include Gleason Allen, manager of Minneapolis mill mutuals office, Evan Day of Mr. Allen's office, on "New Developments in Dry Cleaning Processes"; F. J. Sanborn, Improved Risk Mutuals, "Hazards of Synthetic Enamels," and E. E. Hotchin, the Michigan Millers, on "Developments in Appraisal System."

On Oct. 29 the engineers will turn their attention to rate makeups, the hazards of foundries and machine shops, bakeries and restaurants and in the afternoon will hear H. H. Valiquet, ventilating engineer of the Employers Mutuals of Wausau, Wis., discuss ventilating and air conditioning systems. He will be followed by R. D. MacDaniels, who will endeavor to define "The Common Sense Engineer."

Doyle Comments on Deposit Feature of Illinois Code

NEW YORK—Advising member companies of the National Board as to the deposit requirement in the new Illinois code, that all companies maintain a deposit of \$200,000 either in Illinois or in some other state, J. H. Doyle, general counsel, says that alien companies have heretofore been required to maintain such a deposit but it is new as respects companies organized in the United States.

"The deposit is made for the benefit and security of all policy obligations of such company in the United States," Mr. Doyle says. "Therefore special deposits are not to be considered as contributing to it."

"Since the deposit elsewhere than in Illinois would be a voluntary one, and the credit of the state of Illinois is not pledged for the safekeeping of deposits, many companies, no doubt, will wish to make the deposit in the form of registered bonds, and will give some thought to the advisability of depositing tax-exempt bonds to avoid the possible imposition of ad valorem taxes on the deposit in the state or municipality where deposited."

The Inter-Ocean Casualty is holding a loyalty month sales drive in October.

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SAN FRANCISCO, CALIF.



Details of Property Life Coverage Are Explained

KANSAS CITY—Conception of the purposes for which the Property-Life of New York is being promoted by Dr. Hans Heymann, lately of Germany, was given by L. M. Gardner, counsel of the New York department, in addressing the meeting of the insurance section of the American Bar Association here.

He recalled that the 1937 New York legislature added an article providing for the formation of corporations to insure buildings and machinery against depreciation. Property-Life is being organized to take advantage of that provision.

Property-Life, he said, will insure any income producing property. He gave an example of a building, which tests indicate will last 30 years. For an annual premium of \$2,975, insurance of \$100,000 will be offered. The insurance will cover against damage caused by:

Eight Hazards Covered

1. Leakage in the roofing.
2. Dry rot.
3. Cracks in wall or ceiling, foundations or supporting pillars.
4. Bursting of pipes if occurring because of natural wear and tear.
5. Dampness of rooms designated for the permanent habitation of human beings.
6. Sub-soil water.
7. Settling of parts of building.
8. And on machinery and mechanical and electrical equipment of every kind against total or partial loss or damage, including loss of use, by reason of total or partial depreciation and deterioration.

However, according to Mr. Gardner, the most important feature is that at the end of 30 years whatever remains of the \$100,000 insurance, after deduction of all earlier indemnities, would be provided to replace the building. If the policy term is 60 years and the insured amount \$100,000, the annual premium would be \$1,300.

Protection for Mortgagee

The mortgagee could protect himself by all policy rights executed by the owner as mortgagor in favor of the mortgagee.

Old houses in good condition could be insured by the owner, the back depreciation being insured by one single premium.

No prefixed surrender value, as in life insurance, exists. Until the policy matures it is uncertain whether the insured amount will be consumed by indemnities paid for damage incurred during the term of insurance or what will be left over. For productive purposes Property-Life may grant loans up to the amount still available (technical damage reserves) which are to be spent on the insured object.

Participating policies will be issued, the dividends to policyholders being governed by interest earnings, and savings derived from a favorable course of damage. Part of the net profit will be paid out in such dividends.

In the event of premature dilapidation of parts of buildings, parts of the insurance become due and are paid out. If the life of the building is lengthened through such repairs the premiums may be reduced and the period of insurance extended.

The promoters, according to Mr. Gardner, believe that this scheme will introduce a new management into buildings, factories, machinery and later ships and other means of transportation based on insurance methods. They argue it would enable capital to be perpetually reproduced and credit to become a permanent revolving fund.

Mr. Gardner remarked that experience alone will tell whether the new scheme will be successful. He expressed the opinion that it offers possibilities as a stabilizing influence.

In connection with the \$100,000 build-

ing, insured for 30 years at an annual premium of \$2,975, the amount paid in would be \$89,250. Dividends anticipated are about 20 percent, leaving the net cost at about \$71,400, not considering payments of indemnities for damages during the term of insurance. A practical question, he observed, is whether the earning on commercial property today would permit the payment of the premium. On manufacturing plants a write-off for depreciation is usually made. In this field Property-Life may prove most popular at present.

Insuring buildings against depreciation, Mr. Gardner said, may be helpful in avoiding obsolescence of buildings and the creation of slum areas.

DISCUSSES TAXATION FEATURE

NEW YORK—Dr. Hans Heymann, in an address on the purposes of Property-Life, to members of the Risk Research Institute here, touched on the matter of taxation and depreciation insurance. This is a feature in which accountants particularly have been interested. If the premiums paid for depreciation insurance can be deducted as an expense in calculating earnings for purposes of taxation, then the plan will be given great impetus.

The plan, according to Dr. Heymann, provides for the deduction from earnings prior to dividends of an appropriate charge to replace the capital item once its earning power has disappeared. "In this respect," he said, "it seems to me that it has a great advantage tax-wise. I am told that the taxing authorities generally are turning more and more to tax plans which will preserve sources of taxation, and with a revolving fund of this sort which permits the replacement of an earning asset rather than the loss of one, I cannot but feel that an amicable understanding will be reached with the taxing authorities."

Attitude in Europe

In Europe, he said, whole-hearted approval was obtained from the tax authorities. He said he was not prepared to express an opinion on the attitude of the authorities in this country. "I can only say that we shall not make any claims or representations in the matter of taxation until those in authority have been given ample opportunity to determine what is fair and just. I am confident that their rulings will recognize the basic nature of this type of insurance, which as pure risk and property insurance by its own principle and by universal law must logically be regarded as overhead and as such tax exempt."

In addition to New York, permission to write property life insurance is given in new laws in Illinois and Pennsylvania.

The scheme, according to Dr. Heymann, embraces the element of true risk, in that the insurer cannot predict at what time or in what amount damages may occur. He said it is likely the goal of the assured will be to create a fund sufficient to replace the property at the time it is economically deceased.

He emphasized the plan covers physical deterioration only. It is not concerned with obsolescence, due to improvements in construction, convenience, etc.

Policies will be limited to a minimum of 10 years and a maximum of 100 years. He said tests of one kind and another will be made to determine the probable life of buildings.

Extra for American Equitable

In addition to the regular quarterly dividend of 40 cents per share, the American Equitable of the Corroon & Reynolds fleet will pay an extra of 10 cents per share, both payments to be made Oct. 25 to stock of record Oct. 15.

REJECTED RISKS

Here is an actual notice of cancellation:

"I have received some notices about Walter A. Libschultz insurance. I just want to tell you that he has died over two years ago already which was my husband. Everything belonged to my son already before the policy was made, but the Agent made it again on my husband's name—that is why it has not been paid. So you cancel the policy of Walter A. Libschultz for he does not own anything no more."

The National Union Fire reports an automobile collision claim originating in Kansas where one of its people involved was J. R. Ranwater residing on Duck street in Stillwater, Okla. The company denied liability on the ground that the claim was "all wet."

Why is it necessary for anyone reading a telegram at a banquet or conference to interpolate the word "stop" at every period where it is written in the telegram? No reader says "period" but if the word "stop" is written out as it is frequently done in telegrams the reader evidently desires to inject merriment by using the word. It is a monotonous custom.

The fire department at Three Rivers, Mich., was engaged in trying out a pumper. During its absence the fire department house burned causing a total loss.

Premium Finance Companies Want Minimum Charge

A movement on the part of premium finance companies to impose a minimum charge was revealed at a meeting of those operators in Chicago during the convention of the National Association of Sales Finance Companies. Two executives of First Bancredit Corporation are in Dallas this week, where it is understood they are advising companies and agents of their intentions.

R. C. Lilly, president First Bancredit, at the Chicago meeting expressed the belief that this charge should be considerably higher than \$2.50. This is the figure that was suggested by other operators. G. H. McClure of the American Underwriting Corporation, which finances premiums of Lumbermen's Mutual Casualty, presided at the Chicago meeting.

Rollo for Chicago Chairman

William E. Rollo of the Rollo, Webster & Co., agency, has been nominated for chairman of the Chicago Insurance Agents Association. The committee made its report at the meeting this week. Election will take place at the annual meeting Oct. 12 and there will be a formal installation Oct. 26 with a special program. H. E. Reeves of Joyce & Co., is now chairman.

J. K. Walker, Moore, Case, Lyman & Hubbard, is named for vice-chairman. Bradford Gill, Gilbert & Gill, is nominated for reelection as secretary and W. C. Oxnam for reelection as treasurer.

There was much discussion of the various practical problems in connection with the extension of the London Lloyds permit in Illinois to Dec. 31. Various questions in this connection will be formally phrased and submitted to the insurance department.

B. D. Meeting at Aberdeen

ABERDEEN, S. D.—Nearly 100 agents and field men attended a Business Development meeting here.

Speakers included Miner Shaw of Sioux Falls; Burt Burton, Home; A. N. Hoffman, Aberdeen, president South Dakota Fire & Casualty Agents Association; R. W. Hayward, National,

Defective Radios in Autos Termed Major Fire Cause

Loss Men Say Price Competition Has Resulted in Flimsy Construction

NEW YORK.—Defective automobile radios are coming in for increased scrutiny from claims executives as a cause of fires in cars. Some of the best informed loss men regard them as one of the major causes of automobile fire claims.

Pointing out that these radio sets are not required to pass the Underwriters Laboratories' tests, one claim official said that he was considering bringing suit against the manufacturers of the sets the next time he got a clear case of an automobile fire having been started by defective radio equipment.

Must Keep Costs Down

The fire hazard arises because the manufacturers of car radios, in order to obtain any kind of sales volume, have to keep prices to the minimum. To build a set which will function anywhere near satisfactorily in an automobile and which can be sold at a price not prohibitive to the average motorist is a big job in itself. The expense of designing and constructing a set so sturdily that it will be as free from fire hazards as the rest of the car's electrical equipment would undoubtedly be so great that any manufacturer who tried it would lose out in competition against those who did not feel the same way.

The reason that the automobile radio presents a peculiar fire hazard is that while most people do not know it, some of its wires, such as from the rectifying units to the vacuum tubes, may carry voltages twice as great as the ordinary 110-volt house current. Frequently these wires are not soldered any too solidly and the insulation is not in keeping with the relatively high voltages to which the car's six-volt current is boosted.

May Become Unsoldered

Normally these poorly insulated wires do not matter much, as they are not in a position in the set where they can cause a short circuit. However, if a soldered connection comes loose and the wire rubs against the metal framework of the set, it does not take a great deal to wear through the insulation and permit a short circuit. All of these possibilities are aggravated by motion and vibration.

Claims men who have studied the car radio situation feel that these sets can be made safe by proper design and construction and that unless this is done automobile fire rates are bound to be affected as the popularity of car radios spreads. One result may be an extra premium charged for automobiles having radios.

As for the possible contention on the part of radio manufacturers that faulty installation rather than defects in the sets is responsible for fires starting in connection with radios the experience so far has been that installation defects are a relatively minor cause as compared with deficiencies in the design and construction of the sets themselves.

Sioux Falls; N. P. Wenge, Aberdeen, St. Paul F. & M.; J. V. Jennewine, Sioux Falls, Commercial Union; Frank Nelson, Fargo, N. D., Norwich Union; A. J. Bell, Sioux Falls, Hartford Fire; K. P. Squire, Aberdeen local agent; E. H. Partch, Sioux Falls, America Fore.



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Fire Prevention Week is utilized in this month's North America advertising to point out the equal need for *both* prevention and insurance, if one is to enjoy complete protection against financial loss by fire.

And going further, it urges the extension of this same caution to those other hazards that can and do cause property owners' financial loss.

A loss is a loss, no matter what the cause whether fire, windstorm, explosion, etc. and the logical solution is adequate insurance protection. And the logical source is the NORTH AMERICA AGENT.

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NEWS OF FIELD MEN

Illinois Quarterly Meeting

Gregg New Vice-president of State Board—Knopp Heads Business Development Activities

R. H. Gregg of Peoria, special agent for Crum & Forster, was elected vice-president of the Illinois Fire Underwriters Association at the quarterly meeting in Chicago Tuesday. He fills the vacancy that was caused when J. C. Burt of the Fire Association was transferred by his company to the mountain field.

V. J. DeGuire of Decatur, special agent for the Home, was elected a member of the executive committee to take the place of Mr. Gregg.

The meeting was exceptionally well attended, with a good representation from downstate.

Discuss Business Development

The morning was devoted to a discussion of Business Development matters. Mr. Burt was to have been in charge of that activity this year, but his place is being taken by A. A. Knopp, New York Underwriters. On Tuesday the various phases of the program were outlined and there was a showing of the film depicting the work of the Underwriters Laboratories, with explanatory remarks by Mr. Colwell of that institution.

F. W. Sundlof, Hartford Fire, president of the Fire Underwriters Association, presided at the afternoon session. There was considerable discussion of the fact that the HOLC is not accepting policies containing the three-fourths value clause. This provision has been insisted upon by the companies in southern Illinois and has been credited with improving the experience in that section. The matter was referred back to the committee.

Henry Olson of Chicago, vice-president First Bancredit Corporation, distributed a portfolio of material in connection with the new premium financing plan of his company, and he gave a talk. He said field men and agents have been effective in presenting to assured the conception of premium financing as a means of providing working capital. Since the first of the year First Bancredit has financed 33,027 accounts, he said.

Many Company Executives at Oklahoma Field Meeting

About 80 percent of the membership attended the mid-year meeting of the Oklahoma Fire Underwriters Association at Twin Hills Country Club.

The first session with President G. E. Wyatt, Hartford Fire, presiding, was given over to committee reports and general discussion of local problems. R. M. Berger, state agent Pennsylvania Fire, was elected to the executive committee for the unexpired term of Paul Jaqua, who recently retired from field work.

Speakers the second day were P. J. Slater, special agent America Fore, Oklahoma City; E. A. Henne, Chicago, vice-president and western manager America Fore; S. M. Buck, Chicago, western manager Fireman's Fund and vice-president Western Underwriters Association; D. N. Iverson, assistant United States manager Century of Scotland; and R. H. Gwyn, assistant to the manager of the Century at the home office, who talked on how the business is handled in the British Isles.

At the luncheon the first day, Herbert Heiman, president Oklahoma City Insurance Exchange, spoke briefly on the plans of the Oklahoma exchanges, and urged continuation of cooperation of companies with the exchange move-

ments. The last afternoon was reserved for golf, arranged by Ray Maxwell, state agent, Norwich Union.

G. H. Walker with Springfield

The Springfield has appointed G. Hal Walker special agent, associated with Special Agent Benning Hull, who has supervision over Georgia, Florida and Alabama.

Born in 1907, in Pollard, Ala., Mr. Walker began his insurance career in 1925, as mail clerk for the Alabama Inspection & Rating Bureau, Montgomery office of the Southeastern Underwriters Association. He served through the ranks and then as relief special agent in 1929. In this capacity he covered almost every section of the state, resigning in 1934, to become special agent for the general agency of the late Albert J. Brame. He was retained in this position by the firm of Brame, Ward & Hancock, who succeeded Mr. Brame.

Sports Writer Chicago Speaker

John P. Carmichael, sports writer and columnist on the Chicago "Daily News," is to be the guest speaker at a luncheon meeting of the Illinois Blue Goose, Oct. 18 in the Great Northern Hotel, Chicago.

General Agent Dunham Retires

The retirement of Frank E. Dunham, general agent of the National Union of Pittsburgh, has been announced. At his own request, he is being placed on the reserve force and will be relieved entirely of routine duty. He has represented the National Union in the New England field almost 30 years. State Agent H. G. Whitney takes over Mr. Dunham's duties, assisted by Special Agent J. S. Branscombe.

Seattle Blue Goose Bulletin

It is never safe for a newspaper to say that some man is the oldest, ugliest, meanest or wisest because someone always bobs up who can eclipse him. In a recent issue it was stated that the California Blue Goose bulletin was the first one issued by any pond. Now comes the Seattle pond saying that its house organ was started in May of this year. It is now issuing No. 4. It is being published monthly. Martin B. Pool is most loyal gander.

Legion Chaplain Is Speaker

Rev. De Loss Martin, Iowa chaplain of the American Legion, spoke at the Oct. 4 luncheon meeting of the Iowa Blue Goose in Des Moines, telling of his experiences at the recent American Legion convention in New York. He was introduced by J. H. Bunten, Iowa-Nebraska state agent of the Fire Association.

H. P. Martin, new Iowa manager of the farm department of the St. Paul Fire & Marine, was a guest.

Business Development Report

As chairman of the Business Development Committee, W. J. Gilsdorf, North America, presented a partial report at the monthly meeting in Columbus of the Ohio Fire Underwriters Association. Plans were outlined for future meetings in an effort to bring the campaign to an early close. There are 23 districts in the state, in which meetings will be held. Meetings already have been held in Akron, Toledo, Youngstown, Dayton, Hamilton, Piqua and Defiance.

W. H. Harrison, Jr., in Chicago

William H. Harrison, Jr., has been transferred from the New York head office of the Royal-Liverpool to Chicago as special representative in the special service department. He will travel in

Illinois, Iowa, Minnesota and North and South Dakota. He takes the place of Sidney Clark, who was transferred to Virginia as state agent in July. Mr. Harrison has been with the Royal in the New York office about a year and a half. Previously for 4½ years he was with Great American in Chicago. He is a son of the veteran Iowa state agent of the National.

Vernor Is Ohio Speaker

The Ohio Association of Fire Underwriters (Bureau), at a joint meeting with the Ohio Fire Prevention Association in Columbus, was addressed by R. E. Vernor, Chicago, manager fire prevention department Western Actuarial Bureau.

Barr Takes Up New Work

W. L. Barr, newly appointed North Dakota special agent of the Hanover Fire, has arrived in Fargo to take up his new work. He succeeds L. E. Zell, transferred to Minneapolis.

Wisconsin Auxiliary Meets

The women's auxiliary of the Wisconsin Blue Goose held its first luncheon and bridge of the season, with Mrs. I. E. Frey and Mrs. C. E. Hayne as hostesses. The new officers are: Mrs. F. J. Thompkins, president; Mrs. L. F. Schmidt, vice-president; Mrs. R. A. Kenzel, secretary, and Mrs. E. G. Hauser, treasurer.

Miller Moves to Omaha

V. H. Miller, state agent of the State of Pennsylvania and American Underwriters for Iowa, Nebraska and Missouri, except St. Louis, is moving his headquarters from Des Moines to Omaha, with office at 214 Barker building. Nebraska was recently added to his territory.

Kiowa, Kan., Inspected

The inspection of Kiowa by the Kansas Fire Prevention Association was attended by nearly 200, one of the largest ever held in Kansas. Shelby Holmes Royal state agent, past president of the association made the principal address and also spoke to the schools. George Freese of the St. Paul was contact man.

State fire prevention association inspections announced this week include North Bend, Neb., Oct. 12; Ripley, O., Oct. 21, and Hawarden, Ia., Nov. 17.

New Jersey Specials Meet

NEWARK.—A luncheon meeting of the New Jersey Special Agents Association, of which Harold Wittich is president, was held on Monday in Newark with a large attendance. It was a closed session.

New England Field Men Meet

New England field men Great American group, held a two-day conference at the office of the Massachusetts Fire & Marine. Secretaries Herbert Ryman and Robert G. Clarke were present from the home office.

Munro to Aid Schumacher

James R. Munro has been appointed special agent in Illinois for the Union of Indianapolis. He will assist State Agent E. A. Schumacher and will have headquarters at Decatur.

The Nebraska Fire Prevention Association had to postpone its meeting Oct. 7 at Fairbury, Neb., on account of duplication of dates. However, it expects to be in Fairbury the early part of December. The next meeting will be Oct. 12 to inspect North Bend, Neb.

The Hartford Fire is moving to 318 Union State Bank building, Omaha.

Reopens Atlanta Office

The Marine Office of America, after closing its office in Atlanta six years ago, has again opened offices there, under the direction of E. Otis Jenkins, from the New Orleans branch. His territory will include Georgia, Florida, South Carolina and Alabama.

Nonpareil Golfer



T. A. PETTIGREW

T. A. Pettigrew, general manager of the Underwriters Adjusting, is the grand, final, ultimate golf champion of the Illinois Blue Goose for 1937. He established his superiority in the finals of the golf tournament that was held in Kewanee, Ill., during the course of the golf outing sponsored by the local board. There were eight contestants in the finals, two from Chicago and two from each of the Illinois Blue Goose puddles—Rockford, Peoria and Springfield. L. E. Whaling of the Illinois Inspection Bureau in Rockford was runner up.

About 75 attended the outing and dinner. I. D. McDowell, local agent of Kewanee, was chairman of the golf committee and distributed the prizes at the banquet.

Two Oregon Marine Pools Stirring Up Underwriters

PORTLAND, ORE.—It has been estimated that well over \$100,000 in premiums is diverted annually from marine underwriting channels through operation of two pools which control virtually the entire halibut fish boat business. One pool in operation for a number of years offers protection for hulls and the other has just been formed to cover the "catch" or cargo. The by-laws of both organizations provide for deposits by members and all resources may be used to pay claims. The reciprocal section of the Washington insurance code is avoided by providing that no assessments may be levied.

Many marine underwriters fear that if the pools are successful, incentive may be given to invade other marine lines. The feeling is general the department should adopt the position the pools are actually engaged in insurance, thus depriving the department of tax revenue, and therefore should be compelled to cooperate under the state insurance code.

Useful Explosion Coverage Chart

An interesting chart has been prepared by two insurance men of Providence, R. I., which defines the coverages under explosion and riot and civil commotion policies and clauses applicable thereto. This serves as a ready reference guide to agents in determining coverages permissible as well as coverages obtainable. It was prepared by Paul A. Colwell, vice-president of G. L. & H. J. Gross, Inc., and J. F. Hartnett, state agent of the Rhode Island group.

The Rhode Island will send copies of the chart to agents, upon request. The Rhode Island is located at 31 Canal street, Providence.

NEW YORK

LAUNCH COURSE ENTHUSIASTICALLY

That many of the younger insurance generation are keenly interested in improving their knowledge of the business was manifested in the large turnout at the opening meeting of the fire insurance course of the Insurance Society of New York. Some 400 students were present.

After S. T. Skirrow, secretary of Great American and chairman of the fire insurance course, had introduced W. E. McKell, president of the Society and E. R. Hardy, its secretary, both of whom addressed the gathering, prizes earned by students in the fire division and donated by the Continental were awarded. First prize winner in Part I was Charles Piper. Home; Part II, F. O. Wipprecht, William Stake & Co.; Part III, G. W. Robinson, Great American. Later awards will be made prize winning students in the fire insurance accounting, inland marine, life insurance, marine and surety divisions. The Joseph W. Russell prize to the student attaining the highest average mark in any branch this year, will go to Edna LeBlanc, of the Metropolitan Life.

President McKell pointed out that the demand of insurance today is for men, trained and capable of recognizing and dealing with changing problems. Men of this stamp, he declared, will be the leaders of tomorrow, hence the necessity for the younger generation pursuing a systematic course of intellectual development.

PIPER AND PINK TO SPEAK

One of the speakers at the annual banquet of the General Brokers Association of Metropolitan District, Oct. 13, will be Assemblyman R. F. Piper, who is chairman of the joint legislative committee on insurance law revision for New York. He will discuss the proposed new insurance code. Superintendent Pink will be the principal speaker.

The association will award at the banquet its annual gold medal to E. R. Hardy, secretary of the Insurance Society of New York and secretary of the Insurance Institute of America. This recognition is given each year to the individual who has rendered the most meritorious service to the insurance brokerage fraternity in New York during the preceding year.

CORROON & REYNOLDS ATTENDANTS

Stalwarts from the Corroon & Reynolds group that arranged for attendance at the National Association of Insurance Agents gathering include Vice-presidents J. R. Barry and E. S. Inglis; Secretaries R. R. Wilde and H. J. Thomsen and Business Production Manager J. A. Corroon. Following adjournment of the convention Mr. Thomsen, as manager of the southern territory for the fleet, will make an extended agency trip throughout the field visiting local representatives. It will be his first trip to Texas in the 14 years that have elapsed since he carried a grip in the state as a special agent.

NORTH BRITISH BROADCAST HOST

Following its practice of former years North British & Mercantile has arranged for a play-by-play radio description of the world series games, which friends of the organization have been invited to attend. Returns will be received at the club room of the companies, 150 William street, beginning Oct. 4, and continuing while the series lasts.

NO CHANGE IN VALUATIONS

Tentative valuations of prominent insurance buildings in New York for tax purposes next year reveal no change from the 1937 figures. 80 Maiden Lane (American Fore ownership) is listed at \$3,950,000; American Surety, \$7,750,000; Royal, \$5,600,000.

Commissioner Ham Working Up Special Car For Far West Contingent

Commissioner A. J. Ham of Wyoming is working up a special Pullman out of Cheyenne that will go through to New York City at the time the National Association of Insurance Commissioners meets there. Cheyenne is the first major stop after the three coast routes hit the main line of the Union Pacific. Those boarding trains out of Los Angeles or

Portland will be consolidated into the Portland Rose-Los Angeles Limited, which will be the train that the insurance people will take. Those coming in from the San Francisco route will arrive on the Overland.

The dates for the New York meeting are Nov. 29-Dec. 1. Most of the insurance people and commissioners will want to reach New York City Sunday morning, Nov. 28. Therefore, Commissioner Ham suggests that the special Pullman leave Cheyenne Nov. 26 at 8:20 a. m. That will arrive in Chicago the next morning at 8:42 a. m. The Pullman will

leave Chicago over the New York Central at 2:45 p. m., arriving in New York at 9:05 a. m. the next morning. By this means Commissioner Ham expects to consolidate the far western delegation.

Parley on Agency Pact

DALLAS—President W. O. Wilson of the National Association of Insurance Agents at its annual meeting announced that President Paul Haid of the Insurance Executives Association had arranged for a conference with the agents to discuss the agency agreement to comply with the social security act.

UNATTENDED...

but NOT UNWATCHED

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**A NATION-WIDE PROTECTION SERVICE
AGAINST FIRE, BURGLARY AND HOLDUP**

AUTO DEALERS' ATTITUDE IS BLAMED

(CONTINUED FROM PAGE 3)

phase. They were told to scrutinize the insurance risk that is connected with the credit risk and take greater interest in the insurance part of the liquidation of the obligation.

The branch managers were instructed closely to supervise the adjustment of losses. They were told that no matter how careful a financing institution might be in keeping its money and operating costs down, a competing rate cannot be obtained if the insurance cost continues to rise.

The management, he said, concluded that in the adjustment of losses may be found a substantial answer to the problem. It was found, he declared, that where \$50 deductible collision insurance is given to the purchaser, as a matter of fact adjustments are on the basis of full cover collision, and where \$100 deductible is given, adjustments are on the basis of \$25 deductible. Professional adjusters, he said, assign the work to assistants, many of whom are inexperienced and "highly susceptible." A financing institution, he declared, may employ first class talent in collections and in other aspects of the business but when it comes to insurance adjustments, the management allows outside influence "to pay out our money."

Many Losses in \$125 Range

The experience of various territories was analyzed. It was found that a suspiciously high number of losses under a \$50 deductible collision form were being settled for amounts in the neighborhood of \$125-\$150. A great many of the losses in that range, he said, the management suspected should actually have been in the neighborhood of \$50 or \$60.

In certain territories the branch managers were instructed to dispose of small losses themselves and to work with the adjuster on the larger losses. The insurance companies were required to designate an independent repair shop in each locality and to get a check estimate from those shops.

The net result has been a saving in insurance losses in those localities, he said. After a month or two it was found that a large number of losses were falling in the \$50 to \$60 range, whereas previously such losses were rare.

Observations of W. F. Mays

W. F. Mays, president of the insurance concern in New York bearing his name, said the whole automobile insurance problem today centers about collision. Of the some \$150,000,000 automobile premiums written last year by stock fire companies about 60 percent emanated from finance companies, he said. Accordingly, the finance companies are in the insurance business. They derive a substantial profit from the ownership of insurance brokerage concerns.

He estimated that the collision loss ratio in 1936 was in the neighborhood of 80 percent. Although collision rates were increased recently an estimated 15 percent nation wide, many insurance executives, he said, express doubt that this is adequate to insure profit.

He cited the difficulty of getting increases in rates approved by insurance commissioners. The state authorities these days, he said, are inclined to complain about the size of the commissions that are paid when rate increases are requested.

In the various safety campaigns, he said, there seems to be a conspiracy of silence in respect of the effect of excessive speed. Mr. Mays said he is convinced a large proportion of automobile accidents are due to excessive speed. He declared that any who have influence with the automobile factories should seek to induce them to limit the speed potentialities of their cars.

If voluntary action is not taken, he predicted the federal government is

likely to require the use of speed governors. He observed that there has been an increase in fatalities during the first seven months of this year of about 12 percent compared with the same period last year. That is about equivalent to the recent increase in collision rates. He finds significance in the fact that there are about 3,500,000 more high speed automobiles on the road today than there were a year ago.

Results of Questionnaire

Mr. Mays said he believes that 50 percent of all accidents may be attributed to speed in excess of 50 miles per hour. He said recently he inquired of 30 adjusters throughout the country their opinion on this point. The lowest estimate was that 50 percent of the accidents are due to excessive speed while the highest estimate was 70 percent.

The insurance loss cost is just as important to a finance company as its overhead, he said. Either the finance company or its customers is going to pay the cost.

He advised finance companies to set up a statistical system to keep track of loss ratios on an earned basis. At least such an exhibit should be worked out quarterly. The business is constantly changing and it is vital that the finance company know whence the losses are coming and what the ratio is. If such a record is kept, the finance company will have a six months jump on the insurance company. He emphasized the importance of keeping the records on an earned premium basis.

Loss Experience of Dealers

The loss experience of the various dealers should be watched. Some dealers may be selling to irresponsible people, whose losses are high. It is impossible to escape a certain amount of loss so long as people use their cars and human error exists, he pointed out.

CONVENTION DATES

Oct. 4-7—National Association of Mutual Insurance Companies, Pantlind Hotel, Grand Rapids, Mich.

Oct. 4-7—Mutual Insurance Federation, Pantlind Hotel, Grand Rapids, Mich.

Oct. 4-8—National Association of Insurance Agents, Baker Hotel and Adolphus Hotel, Dallas.

Oct. 10-11—New Mexico Agents, Carlisle, N. M.

Oct. 11-12—Maryland Agents, Hagerstown.

Oct. 11-14—Casualty Convention, Green Brier Hotel, White Sulphur Springs, W. Va.

Oct. 13-14—Missouri Agents, Tiger Hotel, Columbia.

Oct. 14-15—Tennessee Agents, Patton Hotel, Chattanooga.

Oct. 14-15—Annual meeting Ontario Fire & Casualty Agents Association, Royal York Hotel, Toronto.

Oct. 15—South Dakota Agents, Cataract Hotel, Sioux Falls.

Oct. 18-19—Oklahoma Agents, Huckins Hotel, Oklahoma City.

Oct. 19-21—Western Insurance Bureau, Homestead Hotel, Hot Springs, Va.

Oct. 20—Maine Agents, Elmwood Hotel, Waterville.

Oct. 20-21—Wisconsin Agents, Athearn Hotel, Oshkosh, Wis.

Oct. 26—New Hampshire Agents, Carpenter Hotel, Manchester.

Oct. 26-27—Massachusetts Agents, Hotel Bancroft, Worcester.

Oct. 28—Connecticut Agents, Taft Hotel, New Haven.

Oct. 26-27—Ohio Agents, Secor Hotel, Toledo.

Oct. 27-29—Kansas Agents, Jayhawk Hotel, Topeka.

Nov. 10—Southeastern Underwriters Association, Pinehurst, N. C.

Nov. 8-10—California Agents, Roosevelt Hotel, Hollywood.

Nov. 13—Utah Agents, Newhouse Hotel, Salt Lake City.

Nov. 17-18—Illinois Agents, Hotel Faust, Rockford.

Nov. 29-Dec. 1—Insurance Commissioners, Pennsylvania Hotel, New York City.

but a certain proportion of the loss is controllable.

The finance company should insist that the automobile dealer give the same consideration to the insurance company in the matter of repairs that the dealer gives to the finance company in reconditioning repossessed cars. A Santa Claus spirit develops too frequently when the insurance company enters the picture, he said. The dealer is very likely to load his estimate. There is a disposition to charge the insurance company the full retail rate. He pointed out that the repair work of the insurance company is volume business and the insurer and the finance company are entitled to a special rate.

Puts Responsibility on Clients

Mr. Mays said that his institution undertakes to put the responsibility on clients to keep their losses down. A staff of specialty adjusters was developed. These men have special knowledge and have an interest in the loss ratio of the particular account.

An analysis was made of 100 collision cases. The original estimate as to repair cost that was given by their dealer was entered, then a competitive estimate was shown and finally the actual settlement. In the aggregate there was a saving of 40 percent from the original estimate made by the dealer.

The finance company should use its influence with the dealer to see that the insurance company gets a fair deal, he declared. Unless the collision loss ratio is kept within reasonable bounds, he declared, the finance companies will be faced with a constant turnover of carriers leading to a point of uninsurability.

Views of C. L. Landen

C. L. Landen, Securities Acceptance Corporation of Omaha, said that the selfish interest of the finance company is to see that the loss experience is sufficiently below manual so that a good commission concession is received.

Mr. Landen said his concern watches closely the experience of dealers. It finds that certain dealers are responsible for the high losses. Some of these are eliminated. Efforts are made to get others to underwrite the insurance risk so as to improve the experience.

He said the finance companies should assist in passing laws to remove from the highways unsafe cars, to promote elevated highways, one way traffic, etc. The finance companies should join in safety campaigns, particularly those of the automobile clubs in the vicinity, he declared.

Marsh & McLennan Man Speaks

R. C. James of Marsh & McLennan observed that there are two approaches to the problem of high losses. One is to get more rate and the other is to attack the contributory factors. He offered a number of specific recommendations. He advised finance companies to watch the result of the loss results as to type of collision cover, to watch the results by dealers, by makes of car; to observe the difference in loss experience between new and used cars, to observe the relation of credits to losses, to watch, advise, and assist in subrogation cases. The job is not finished when proof of loss is taken and the draft completed, he said. In one account, 10 percent of the amount of the drafts was recovered by way of subrogation, he declared.

The knowledge of the dealer should be utilized to the utmost. Obtaining the lowest fair figure for making repairs is imperative. Undesirable collision risks should be eliminated. A central clearing bureau for loss reports is advisable. Finance companies and dealers, he said, should bring pressure on the automobile manufacturers to eliminate "cardboard front ends" and other parts that are expensive to replace. They should cooperate in safety programs, support worthy corrective legislation, especially drivers' license laws.

F. B. Waters of the Seaboard Commercial Corporation, New York, read a

Salt Lake City Seeks 1938 Meeting of Commissioners

SALT LAKE CITY—At its first meeting of the season, the Utah Life Managers Association decided to back up the suggestion of Commissioner C. C. Neslen that the National Association of Insurance Commissioners be invited to hold its 1938 convention in this city. C. R. Marcusen, head of the Pacific National Life, new president of the association, presided.

paper that had been prepared by vice-president A. E. Heacock of the Meserole companies.

E. B. Mallette, vice-president of James E. Mallette, Inc., Torrington, Conn., observed that the profit of the finance company from the insurance operation sometimes represents all the profit there is to the finance company. He advised finance companies to watch the dealer experience closely and to be on the lookout for repeat losses. He warned that dealers are likely to use the collision item as a good will proposition. They undertake in one way or another to avoid the deductible feature and get full reimbursement for their customer.

Mr. Seiver said that his institution cancels the risk after the second loss occurs. The risk is thereupon converted to the single interest basis. He said he is considering cancellation following the first loss under certain circumstances.

Ideas of F. E. Pope

F. E. Pope, president Federal Services Finance Corporation of Washington, D. C., said the preponderance of collision losses are in connection with financing contracts where there is a small down payment and a long monthly term. He recommended that the insurance companies differentiate in the rate, charging a higher tariff on account of those cars that are purchased with a small down payment and over a long monthly term than to those with a large down payment and short term.

The man who makes a small down payment and strings the balance out over a long period is likely to be one who doesn't have the money to maintain his car in proper condition, he observed. Moreover he has the feeling, consciously or subconsciously, that he has no equity in the car and he doesn't have the inducement to keep the car in good condition.

Mr. Pope said that 50 percent of the net profit of his concern comes from insurance commissions.

He said that he has developed a plan for controlling the losses on taxicabs.

One of those contributing to the discussion advocated legislation requiring the use of speed governors in automobiles, holding the maximum speed to 45 or 50 miles per hour. He blamed present type of construction for the heavy losses, particularly the front end construction. Many front end collision losses cost \$100 or so even when there is no damage to the motor. His third recommendation was to guard against over-paying losses. He said that dealers on a widespread scale are conniving to get the first \$50 for the customer under \$50 deductible collision forms.

Fergus "Subs" for Fleming

T. Alfred Fleming, supervisor of conservation of the National Board, who was to appear on the National Safety Council program in Kansas City Oct. 12, discussing school hazards, has found it impossible to attend and Ewing B. Fergus, Wichita branch manager of the Kansas Inspection Bureau, will "pinch hit" for him. Dr. D. J. Price of the Department of Agriculture, Washington, will show his films on the New London, Tex., school disaster and the following week will be on the program of the International Association of Fire Chiefs at Oklahoma City.

CHICAGO

ENZWEILER'S MOTHER DEAD

Mrs. Elizabeth Enzweiler, mother of Special Agent Will Enzweiler of the Milwaukee Mechanics in Cook County, died Sept. 27 at the age of 77. Until the last two years she resided with her son in Chicago and then went to Moline to live with a daughter. The funeral was held in Moline and the interment was in Chicago.

DRAKE CHICAGO MANAGER

F. T. Drake, Jr., has succeeded W. J. Blaney as Chicago manager of Alexander & Alexander. Mr. Blaney is now with the New York office handling losses. The agency specializes principally in railway and petroleum coverages.

NAME ALESHIRE, DRAKE, SCHOEN

Those nominated for election as directors of the Chicago Board at the quarterly meeting Oct. 28 are: M. C. Aleshire, Parker, Aleshire & Co.; Lyman M. Drake, Critchell, Miller, Whitney & Barbour, and E. M. Schoen, western manager Atlas.

C. R. McCABE IN CHICAGO

Charles R. McCabe, Jr., of the McCabe & Hengle agency in Chicago, has returned to the city after a five months stay at his summer home at Long Beach, Ind. He is at home at 1205 Sherwin avenue, Chicago, and will welcome callers. Mr. McCabe has been disabled for many months.

WOLTERSdorff LEAVES HOSPITAL

Ralph Woltersdorff, assistant western manager of the Atlas, is expected to return to his home this week after having been confined to the Lakeview Hospital, Chicago, for about a month. He underwent an operation on a leg and some difficulties were encountered that have delayed his recovery.

FIRE EXCEED 1936 RECORD

The Chicago Fire Insurance Patrol has reported that September fires exceeded those for the corresponding month in 1936 and was ahead for the second consecutive month and the third month this year.

The 668 fires in September exceeded the record for the same month of 1936 by 62.5 percent. September fires were just 2.3 percent more than those occurring in August, and 18.9 percent greater than the record of September, 1935. For the first nine months of this year there were 5,799 fires reported which is 15.5 percent under the number reported for the three quarters of 1936, but exceeded the 1935 period by 15.9 percent.

The September record shows a steady increase during the last four months as compared with the same months of 1936. From a low point in June, 37.1 percent under August, 1936, the comparison has climbed each month to a point in September 62.5 percent ahead of September, 1936.

HERCULES-ALL-STATE MOVE

The Hercules and the Allstate, Sears, Roebuck & Co., affiliates, are to occupy an entire floor at 20 North Wacker drive, Chicago. The move, about Nov. 1, is occasioned by the enlargement of business and the resultant need for additional space. This is not available in the Sears Roebuck group on Homan avenue. The Hercules and Allstate agency personnel is being rapidly added; both companies are enlarging their activities agency wise in Chicago as well as other sections of the country. The staff of the companies now exceeds 500 and provision is being made for additional home office space in the new building as it may be required.

W. P. Rollins of Indianapolis has incorporated his agency.

Favor Meetings of Three Big Units at Same Time, Place

NEW YORK—So pleased were members of the Eastern Underwriters' Association with the result of the organization's meeting at Hot Springs, Va., the day previous to the gathering of the Western Underwriters' Association at the same place, that sentiment favors similar meetings in the future. Some, indeed, favor a three-way meeting, with the S. E. U. A. included. While the agenda of the E. U. A. was limited in comparison with the W. U. A. the gathering of the two regional organizations at the same resort, and almost at the same time, afforded company executives opportunity not only for conferences with their territorial managers, but enabled them to get the viewpoint of others upon subjects of general concern. But the greater advantage was the opportunity for those both from the east and west to know one another better, and hence have a more sympathetic understanding when differences arise in the future.

Lewis M. Lederer is opening a local agency in the Atlas building, Cincinnati. He will represent the Manhattan Fire & Marine. Formerly he was in life insurance as agent of the John Hancock.

COMPANIES

Company Assessments Upheld

NEWARK.—The personal property assessment of \$1,069,000 against the Newark Fire was upheld last week by the state board of tax appeals, which ruled that the company had increased capital and accumulated surplus in excess of the valuation fixed by the Newark board of tax assessors.

The board dismissed appeals of the Universal Fire, which had requested a reduction of \$575,000 personal property assessments, and the Universal Indemnity for a \$320,300 reduction. The appeal of the Eagle Fire of Newark, which had sought a reduction of \$389,000, was also dismissed.

Organize Atlas Industrial

COLUMBIA, S. C.—The Atlas Industrial Fire has been organized here to write fire insurance on household goods on the weekly payment plan. S. J. Leaphart, Lexington, is president; W. O. Moats, Columbia, vice-president; Lewis H. Gault, Union, secretary-treasurer; F. C. Roberts, general counsel. The company

was organized by Mr. Moats, who has been in the insurance business for a number of years.

Enlarge Pacific National Office

The Pacific National Fire is enlarging and improving its home office facilities in San Francisco. These changes involve leasing of the entire street floor, approximately 3,000 square feet, at 372-374 Pine street, adjacent to its building at 376 Pine street. The recently established marine department of the company and an enlarged automobile department are to be housed in the new quarters.

Dearborn National Non-Affiliated

The Dearborn National Fire of Detroit, which was recently organized by the D. F. Broderick interests of that city, and is now actively in the field, will operate on a non-affiliated basis. So far it is licensed only in its home state, but it is expected in due course to extend its territory, probably first into Ohio and Indiana.

La Paternelle of Paris has been licensed in Ohio for reinsurance business. O. M. Heffner of Columbus is Ohio agent. It has also been licensed in New Jersey.

A quarterly dividend of \$1 per share has been declared by the Fireman's Fund, payable Oct. 15 to shareholders of record Oct. 5.

Leads for Our Agents

are being produced by our advertising in all of these publications this Fall:

Saturday Evening Post

Collier's

Life

American Magazine

American Home

Better Homes and Gardens

Camera Craft

Nation's Business

Field and Stream

Popular Science Monthly

Iron Age

American Philatelist

American Photography

Down Beat*

*Read by professional musicians

(20,195,000 messages!)

Each ad tells of some specific coverage, and invites requests for further information by means of a coupon. These coupons are sent to our Agents for follow-up, without charge.

Over twelve thousand have been received to date, and our Agents average *one sale for every three coupons*. It pays to represent—

THE AMERICAN GROUP, NEWARK, NEW JERSEY

Fire Companies

THE AMERICAN • THE COLUMBIA FIRE • DIXIE FIRE

Many Activities at Agents Dallas Muster

(CONTINUED FROM PAGE 3)

president New Jersey association, told what had been accomplished in Bergen county, N. J., following the survey made by the county board, town by town, discovering that every one has far too many agents. The county board appealed to companies to take up part time agencies where they seem not to be needed. Much is being accomplished. There followed a joint buffet luncheon of the councillors and state officers.

Local Board Conferences

Tuesday afternoon was a busy time. The rural agents conference was held with R. W. Forshay of Anita, Ia., presiding. He is chairman of the rural agents committee and has done constructive work.

Then there were three conferences on the work of local boards. The first comprised places up to 50,000 people in charge of T. G. Redden of Greensboro, N. C. Group two ran from 50,000 to 250,000 people with T. S. Gillis of Ft. Worth presiding. At this meeting R. B. Cousins, Jr., of Austin, secretary Texas Fire Prevention Association committee, gave a talk.

Group three, consisting of the larger population centers, was presided over by P. H. Ware of Minneapolis.

The annual get-together dinner was held Tuesday evening at the Casino at the fair grounds with President W. O. Wilson of Richmond, Va., presiding. Greetings were extended by R. L. Daniel, chairman Texas board of insurance commissioners; Mayor Sprague of Dallas, J. R. Morris of Texarkana, president Texas Association of Insurance Agents, and R. H. McLarry, president Dallas Association of Insurance Agents. The response was made by W. H. Menn of the national executive committee. President Wilson introduced distinguished guests and past presidents. Chairman C. F. Liscomb of the executive committee introduced his associates.

GENERAL SESSION

The first general session started Wednesday morning with W. B. Calhoun of Milwaukee leading in the singing of "America." Dr. F. C. Brown of the First Presbyterian Church spoke the invocation.

The heavy artillery was then brought out with President Wilson giving the annual report of the administration and Secretary Bennett delivering the keynote address on "The Power of Knowledge." There was a discussion of insurance educational courses led by F. J. Bray of Dallas. Bert E. Mitchner of Hutchinson, Kan., gave an illuminating talk of the growth of the consumer cooperative movement.

There was a luncheon Wednesday conducted by the accident prevention committee in charge of David A. North of New Haven, Conn.

More Group Sessions

Wednesday afternoon was again devoted to group sessions discussing agency management and operation. The smaller income group was presided over by D. C. Hancock of Richmond, Va. The middle group had as its leader L. W. Garlicks of St. Joseph, Mo. The heavy-weights had as their chairman J. A. Grow of Detroit. In the evening all hands went to the Dallas Country Club for a Pan-American feast. This was given by four Dallas general agencies, T. A. Manning & Sons, G. R. Scruggs & Co., Trezevant & Cochran, and Floyd West & Co.

Thursday morning will be given over to insurance merchandising talks and discussions. The last session will be held Thursday afternoon with some set talks and the usual closing events. It is

stated that the registration has run up to about 1,400.

Texas has three insurance commissioners with R. L. Daniel, the life commissioner, chairman; R. G. Waters, casualty, and Marvin Hall, fire. All were present. G. A. Bowles, Virginia commissioner and president National Association of Insurance Commissioners, and Jess G. Read, Oklahoma commissioner and association secretary, were on hand. Commissioner Jno. Sharp Williams of Mississippi and R. W. Roberts, secretary Mississippi insurance commission, were present. F. E. Murphy, Missouri department chief clerk, represented that state.

The meeting of local board secretaries, with S. J. Horton, Cleveland, presiding, brought out the fact that all boards feel they should take jurisdiction over casualty business, but most of them have hesitated to do so. A gradual extension of activities was agreed as desirable. Other subjects discussed were financed automobiles, conference committees, desirability of full time secretaries, safety campaigns and insurance on public properties.

CONVENTION BIDS

The executive committee considered the St. Louis situation and received bids for future conventions. St. Paul is so far the only bidder for the 1938 annual meeting. Indianapolis and Asheville, N. C., are seeking the 1938 midyear meeting and Oklahoma City is expected to try for it. New Orleans presented its bid for the 1939 annual session.

The question of having part of the regular program on Monday and Tuesday was discussed, but sentiment was opposed to any change. It was claimed that most people like to come a day or so early, so that the present plan of having only committee and group sessions on Monday and Tuesday is satisfactory. The committee was asked not to have the convention during Fire Prevention Week, as many agents take part in activities at home at that time.

The committee also heard the protest of the New Orleans Insurance Ex-

change over a general agency situation there.

Methods of making insurance surveys, what an agent can hope to accomplish by them and how to present the idea to a prospect were discussed by E. R. Ledbetter, Omaha, under the head of "Survey Selling."

Stuart Ragland, Richmond, Va., continued the sales session with an address on "Selling Public Liability Insurance." A pioneer in the field of liability insurance and an eminently successful salesman of this line, Mr. Ragland reviewed the different coverages and pointed out the prospects for each.

Greetings from two allied associations were received. C. A. Abrahamson, Omaha, president National Association of Casualty & Surety Agents, spoke for his body, emphasizing the need for a clear separation of board and non-board companies, on the casualty as well as on the fire side.

Greetings from L. E. English

L. E. English of Richmond, Va., president American Association of Insurance General Agents, brought greetings from his organization. He recalled that he was the one who brought President W. Owen Wilson to his first national convention, that being the last time the meeting was held in Dallas.

Mr. English referred to the matter of the caliber of local agents. He expressed the belief it is not so much the special agent as it is the company executive and general agent that is responsible for the appointment of unqualified representatives. The company executive is constantly urging his development force to get more business. A special agent, who cannot establish connections with bona fide agents, appoints somebody, simply to make a showing. The usual result is grief for the company and competition for the legitimate agent. The general agent is closer to the ground than the company executive and is more to blame for such appointment. He said he will undertake to get members of the general agents association to pledge themselves not to approve appointments unless they are convinced the appointee will be an asset to the business.

EDUCATIONAL WORK

A discussion on insurance educational courses was opened by F. J. Bray, Dallas, who outlined the educational methods of the Dallas local board. He stated that a program of lectures for the board did some good, but was found unsatisfactory in the main because of its incompleteness. Consequently, the fire and casualty courses of the Insurance Institute of America were installed and last year had an enrollment of 60 in each course. Only one person failed and results were generally so satisfactory that the courses will be continued this year, with advance enrollments in excess of last year. An insurance library has been started with assistance from the Blue Goose and so far has grown rapidly.

Connecticut Qualification Law

The Connecticut agents qualification law was discussed by F. W. Brodie, Waterbury, Conn., chairman New England advisory board, at the joint conference of national councillors and state officers. Most of his talk was devoted to the questionnaire which an applicant is required to fill out, and he discussed each of the questions asked each applicant. An applicant who has another position and wishes to act as an agent in a part time capacity, must secure a letter from his employer indicating that there is no objection to his being available to the public at any time during his hours of employment. Many applications, Mr. Brodie stated, are declined because the employer will not consent to this. This is the most important weapon which the insurance department has on the part-timer. The applicant's past history is checked carefully and declined if any irregularities appear and cannot be

satisfactorily explained. If the questions are answered satisfactorily, the applicant is then given a written examination of the branch of the business which he intends to pursue.

The agency qualification law is due, stated Mr. Brodie, largely to the activity of the late J. L. Case, former president of the National association, and former Commissioner H. P. Dunham.

BERGEN COUNTY, N. J.

An illuminating survey of the part-time agency situation in Bergen County, N. J., was presented by A. V. Livingston, Englewood, N. J., before the joint meeting of councillors and state officers. The number of agents in that county, exclusive of life and accident appointments, grew from 500 in 1928 to 966 last year. Of this number only 277 maintain legitimate business offices, while 99 are actually in the business, but work out of their homes. The remaining 590 are objected to by the New Jersey Association of Local Agents as illegitimate.

Of this group 281 are part-time men, employed during the day at other occupations and soliciting chiefly fire and automobile insurance in the evening.

78 are insurance company home office employees, four of them being special agents, 53 sub-agents, in some cases having been appointed by members of the New Jersey association. In all but one instance, the members discontinued the practice.

New York Agents and Brokers

The most troublesome class comprised 46 New York agents and brokers who live in Bergen County and have New Jersey licenses. The association could not dispute their fitness to engage in the business and in some cases their New York business is so large that the companies dared not disturb them. It was claimed, however, that these men write their business and keep their records in New York and are circumventing the law by holding New Jersey business.

The other agencies complained of included political appointees and public officers, lawyers, bank employees, automobile dealers, housewives, school teachers, saloon keepers and similar types.

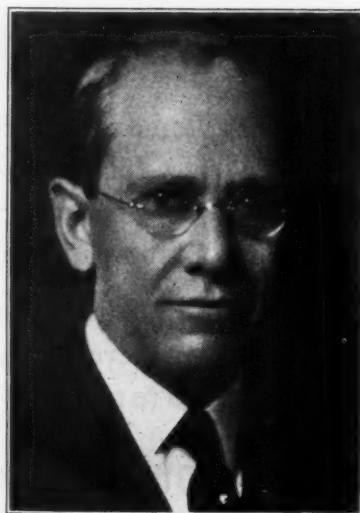
Mr. Livingston quoted excerpts from credit reports on some of these part-timers, indicating the general low grade of these appointees. He stated that the companies have been loath to close them out, using arguments running all the way from self-defense to sympathy and the appointment being the only way to salvage a bad debt. The companies maintain that the total income from these agents is considerable, the loss ratio low and expenses light. Mr. Livingston contended that expenses are much higher than the companies will admit, considering the cost of supplies, taxes, rating bureau fees, etc., and the time of field men in working with these small producers.

O. Sam Cummings, president of the National Association of Life Underwriters and Texas manager of the Kansas City Life, was called to the platform and commented on the similarity of problems confronting both fire and life company representatives. This was the first time a president of that national life body has addressed the fire organization.

A manual for local agents—"Right to the Point"—contains rules, methods, requirements, principles of agency practice. 75 cents. The National Underwriter, Casualty and Surety Coverages." \$1. The

Open with Accident—Sell your prospect an accident policy to get acquainted and pave the way to other sales. For sales suggestions read *The Accident & Health Review*, A-1946 Insurance Exchange, Chicago. Sample copy 10 cents.

25-Year Man



A. R. PHILLIPS

A. R. Phillips, vice-president of the Great American, was guest of honor at a luncheon attended by 15 of his associate officers in view of the fact that he has completed 25 years in the service of Great American. President W. H. Koop was host. Mr. Phillips was presented with a cane and silver pitcher.

Philadelphia Mayor Makes Some Harsh Remarks

PHILADELPHIA—Addressing the convention of Pennsylvania State Fire Fighters Association, Mayor Wilson of Philadelphia, terming fire insurance "a racket taking millions from the people who insure themselves against fire losses," declared that he was writing the Pennsylvania department demanding an investigation of the National Board and fire companies, "of their premiums, their losses and their methods of doing business."

Wilson's remarks were called forth by a recent report of the National Board in which the Philadelphia fire department was criticised.

He read parts of a letter he sent to the National Board in which he called companies "a blight on the insurance business of this great city and should be removed." Wilson charged that Philadelphians are paying from 30 to 40 percent more than they should for fire insurance.

"I would suggest," he asserted, "that the National Board put their own house in order before they attempt to besmirch the records of nearly 2,000 brave men, whose efforts in the past have brought renown to Philadelphia as a safe place to establish business enterprises."

Hartford Institute Starts

HARTFORD—The fire group of the Insurance Institute of Hartford met Tuesday night to hear Burton B. Gracey, general adjuster Hartford Fire, on "Principles of Insurance." This was the first of 22 lectures. About 400 students are enrolled. Last year the enrollment reached 383. Since the Insurance Institute of Hartford was revived in 1934 there have been 1,920 students.

Gerald H. Loomis, Automobile, has been elected president. Vice-presidents are J. T. Malone, Travelers Fire; John W. Hughes, Aetna Casualty; Louis E. Day, Phoenix of Hartford; secretary, Paul R. Laurensen, Hartford Accident; recording secretary, C. P. Thornton, London & Lancashire Indemnity; treasurer, John F. Goetz, Travelers.

False Fire Alarms Continue to Pester the Authorities

A survey recently completed by the Automobile of Hartford shows that despite the increasing vigilance of police and fire departments, the malicious practice of turning in false alarms continues to rank among the more serious threats to life and property. From a total of 210,606 fire alarms reported in 64 cities the past year, 26,614 were known to be either false or needless. While the survey discloses that from 10 to 12 percent of the alarms in the average city are false, many cities have reported false alarms reaching as high as 25 to 30 percent of the total number turned in.

An estimate based on advice from 38 cities reveals that the average cost of answering each false alarm is \$111.07, or a total cost of \$2,936,016.98 to the 64 cities referred to above. One city advises an estimated damage of \$225,569.02 to fire fighting apparatus and equipment caused while answering one false alarm.

Veteran Detroit Agent Dies

Joseph Kaiser, one of the old fire insurance agents of Detroit, died at his residence there. He acted for several years as secretary of the pioneer Detroit Board of Fire Underwriters. Becoming associated with him later were his two sons, Joseph J., and Sylvester P., who continued the conduct of an expanded general insurance business under the name of Fidelity Insurance Agency, upon his retirement from active business life in 1914. He was 85 years of age.

A new book, "Freeman's Earthquake Damage & Earthquake Insurance" is sold by The National Underwriter, costing \$7.

Fall of Building Clause Decision Goes Against Westchester Fire

A decision unfavorable to the insurer involving the fall of building clause issue has been handed down by the United States circuit court of appeals for the third circuit (Pennsylvania) in Westchester Fire vs. Chester-Cambridge Bank & Trust Co.

The bank had the mortgage on the buildings which were used as a dance hall and kitchen. There was an explosion of incendiary origin. The bank was in no way involved. The insured property is described in the policy as a "three story brick building with roof, and additions thereto, adjoining and communicating." The additions were destroyed in the explosion. A fire immediately ensued damaging the main building which had not fallen as a result of the explosion. The bank brought suit to recover from damage by fire to the main building. The Westchester contended that all liability ceased when the additions fell as the result of the explosion. Westchester contends that to allow recovery for the damage to the main building resulting from fire would necessarily imply that the contract was severable.

Court Disagrees with Theory

The court held that the Westchester's theory does not necessarily follow. The provision dealing with the fall of a building was not intended to cover what had already been covered by the provision dealing with explosion. The insurer was not liable for any loss or damage to a building or any material part thereof caused by explosion, including its fall, unless fire ensued. It was not intended to say in a provision almost immediately following that if a building or any material part thereof fall as the result of an explosion, the company is not liable. But that is the effect of Westchester's argument. The main building was damaged by fire and Westchester is liable to the extent of the damage.

Collision Losses Are Heavy

Companies Find That the Streamlined Cars Are Much More Expensive to Repair

Companies report that collision losses have been heavy this year and they seem to be on the increase both in number and in dollar volume. Almost all companies are having a similar experience. This is due largely to more cars being used, greater speed being given to lower priced cars, the modern streamline models which are expensive to repair, and the higher cost of labor and material. In the modern cars, fenders, lights and other equipment are tied in to the hood itself. Any damage of consequence means a greater outlay to put the machine in order. Glass has increased in price about a third.

Automobile insurance experts do not look for any very drastic changes in 1938 models. The changes so far announced are in the direction of making cars more modern in style and therefore more expensive to repair.

AGENCY FOR SALE

Local Agency for sale with premiums of \$30,000 a year near Chicago in a manufacturing district. Will sell at good price for cash offer.

ADDRESS G-53 NATIONAL UNDERWRITER

You're In the Money—when you sell accident and health. Read The Accident & Health Review for sales pointers. Sample 10 cents. Address A-1946 Insurance Exchange, Chicago.

CALEDONIAN INSURANCE COMPANY

The Oldest Scottish Insurance Office

GOOD faith to agents and policyholders at all times has been one of the fundamental policies of this company. It is exemplified by an honorable reputation, sound practices, sound underwriting and a sound financial policy.

Caledonian-American Insurance Co. of New York

Robert R. Clark
U. S. Manager and President

The Netherlands Insurance Co. of The Hague, Holland

Established 1845
Robert R. Clark, U. S. Manager
Executive Offices: Hartford, Conn.

1794 1937

THE INSURANCE COMPANY
OF THE
STATE OF PENNSYLVANIA
PHILADELPHIA, PA.

ANNUAL STATEMENT December 31, 1936

Reserve for Unearned Premiums	\$1,920,780.68
Reserve for Losses Under Adjustment..	194,625.69
Reserve for Taxes and all other Claims	107,228.45
Contingency Reserve	100,000.00
CASH CAPITAL	1,000,000.00
NET SURPLUS	2,112,660.17
TOTAL ASSETS	\$5,435,294.99

SURPLUS TO POLICYHOLDERS \$3,112,660.17

Bonds and stocks are valued on basis approved by National Association of Insurance Commissioners. On basis of market quotations, the total Admitted Assets would be \$5,548,777.75 and the Policyholders' Surplus \$3,228,162.93.

**Acquire
THE OLD "STATE OF PENN"**

EDITORIAL COMMENT

Fire Prevention Week Retains Prestige

DESPITE the fact that during the last few years, the idea of exploiting a product or an industry or promoting a campaign by means of setting aside a week during which the citizens are to partake of this product or participate in a campaign has been extended ad nauseam, Fire Prevention Week has not lost prestige. As a matter of fact each year there is an increase numerically and in earnestness in the participation of the citizens in Fire Prevention Week activities. For a good many years the fire insurance interests had to take charge of the promotion and provide

most of the momentum. However, increasingly in recent years Fire Prevention Week has had a much wider base. Its significance is being appreciated by school people, public officials, civic clubs, chambers of commerce, etc. Fire insurance interests no longer have to constitute the motive power for the week. They can and should participate but the nation has appropriated the observance and today there is plenty of natural momentum. The consciousness of the public of the importance and value of concentrating to prevent destruction by fire is heartening.

All Eyes This Week Center on Dallas

WHILE we do not have special insurance weeks outside of NATIONAL LIFE INSURANCE WEEK and NATIONAL ACCIDENT & HEALTH INSURANCE WEEK, yet there are weeks in the insurance calendar that appear in red letters signifying something of importance. This week all eyes are centered on Dallas, where the NATIONAL ASSOCIATION OF INSURANCE AGENTS holds its annual meeting.

This is a great event, not only for agents but for companies. The agents organization has been constructive. It is an educating influence. It is well always that there be brakes. It is dangerous for any one factor in a business to be monopolistic, so to speak, and not have a check on it. It is fortunate for the companies that there is a powerful agency association. It is just as desirable for the agents that companies have

great organizations. These offset one another and bring about usually a more equitable condition.

The NATIONAL ASSOCIATION OF INSURANCE AGENTS is in the hands of able, constructive, conscientious leaders. They are outspoken at times when they feel that they have been dealt with unjustly by the companies. Yet in the long run we would say that in spite of obstacles and what at times may seem lack of sympathy and understanding on part of company executives much progress has been made. Each year sees a step in advance. Each year brings up some movement that requires the combined agency forces to combat.

So this week we doff our hats to the agency association, acknowledge its usefulness and wish it good cheer and much in attainment.

New Hazards Are Introduced

WITH the installation of air-conditioning and ventilating systems in all types of buildings including residences, there is a serious fire problem to be considered. Systems of this kind demand ducts which pass through various parts of the building and afford an easy passage for fire. Officials of fire departments and the NATIONAL FIRE PROTECTION ASSOCIATION have recognized the introduction of a new fire hazard along with this highly desirable equipment.

Therefore those that have gone into this

subject thoroughly demand that ventilating ducts be made fireproof. At the NATIONAL FIRE PROTECTION ASSOCIATION annual meeting this question came up for discussion and it was apparent that the experts on fire protection are much concerned as to the installation of this equipment. It is essential that there be fire protection material and devices installed so that danger will be minimized. The early product of these systems certainly adds greatly to the fire hazard.

Rewarding the Safe Driver

CRITICISM by the public of automobile liability companies for not pitching their rates so that good driving pays and dangerous driving is penalized, mentioned by S. J. WILLIAMS, director public safety division, NATIONAL SAFETY COUNCIL, at the recent meeting of the INTERNATIONAL ASSOCIATION

OF INSURANCE COUNSEL, focuses attention on the difficulties in the way of accomplishing this admittedly desirable end. Mr. WILLIAMS' statement that the companies "have not yet done their own primary job of making insurance cheaper for the good driver and more expensive for the danger-

ous driver" brings up the question as to whose responsibility it is to bring about this even-handed justice.

Insurance, of course, involves the pooling of risks and, where legitimate classifications can be made, the only fair method is to group the risks in a given classification together, always providing that the group is large enough to give a significant experience. Automobile underwriters can hardly be accused of failing to conduct operations in accord with this principle. They have made classifications by locality, by

type of automobile, by use—commercial or passenger. But, as far as trying to spot the driver who is going to have a good record and the one who won't and charging them accordingly, there is simply no known method of telling in advance.

When some reliable method has been discovered which will separate the sheep from the goats it will be time enough for the automobile companies to mete out reward and punishment in the form of rate differentials for the good and less careful drivers.

PERSONAL SIDE OF BUSINESS

A. E. Holm, Jr., son of A. E. Holm, Iowa special agent of the Home fleet, is a member of the Des Moines Junior Drum and Bugle Corps, which won the national championship at the recent American Legion convention in New York. Mr. and Mrs. Holm accompanied the corps on the trip. Mrs. Holm is an ex-service nurse and acts as the corps' official nurse.

S. J. MacMinn arrived in St. Paul this week to assume his new post as assistant secretary of the St. Paul Fire & Marine. He formerly was state manager at Philadelphia.

A. S. Rogers, general manager of the London & Lancashire, arrived in New York this week on the Queen Mary.

Mrs. Harvey S. Martin, wife of the president of the Ohio Association of Insurance Agents, was taken seriously ill and rushed back to her home at Toledo Monday from Dallas. Mr. Martin remained at Dallas for the meeting of the National Association of Insurance Agents.

R. Lee Emery, Sr., veteran New Orleans agency head, has returned from a trip through the South Sea Islands, Australia and California, much improved in health. Mr. Emery says he is through—till some other time.

Mrs. W. F. Lake, whose husband is head of the Avery Insurance Agency, Hot Springs, Ark., was critically injured when her automobile went out of control near Conway, Ark., went over an embankment and caught fire. Both legs were burned to the knee and the right leg was fractured above the ankle. She is expected to recover, although it may be 30 days before she can walk.

L. U. Jeffries, warden of the Ohio department, has been appointed a member of the legal education committee of the Ohio Bar Association, which considers qualifications for admission to the practice of law and recommends changes in legal education.

L. H. Kreiter, 44, deputy superintendent of insurance of Ohio, died at his home in Columbus from pneumonia. Mr. Kreiter attended the American Legion meeting in New York and also took in the Ohio State-Texas Christian football game at Columbus, Sept. 25. It is believed he contracted a cold at the game which was played in a rain. He

had been with the department five years. Mrs. Kreiter is a daughter of Church Brotton, former secretary of the Federal Union Life.

G. C. Cundiff of Chicago, assistant manager farm department of the Home, and Mrs. Cundiff are vacationing in Kentucky for a few days. Mr. Cundiff formerly represented the Home in that state.

F. C. Gustetter, vice-president Phoenix of Hartford, is spending two weeks in North Dakota and South Dakota, visiting agencies with Trimble P. Davis, state agent.

Paxton Mendelssohn, chairman of the fire prevention committee of the Detroit Board of Commerce, was awarded the 33d degree of Masonry in Milwaukee last week.

Charles H. Smith, 61, president and treasurer of the Blackstone Mutual Fire of Providence, R. I., and a director of a number of other fire companies, died there. He was a native of Massachusetts and a graduate of Massachusetts Institute of Technology. He served on the War Industries Board during the world war in the fire prevention division.

John F. Stafford of Babson Park, former western manager of the Sun, who changed his residence from Chicago to Florida after retirement from active duty, spoke to the Rotary Club at Lake Wales, Fla., bringing a message from International President Maurice Duperre, whose chief aim, said Mr. Stafford, is the spreading of Rotary and its influence to all parts of the world.

J. W. Knox, Chicago manager of Corroon & Reynolds, is expected to return this week from a trip to Bermuda. He made the voyage to recuperate from the effects of an operation that confined him for five weeks in Presbyterian hospital, Chicago.

W. M. Palmer, 69, retired Iowa state agent for the New York Underwriters, died in Des Moines after a long illness resulting from paralysis. Burial was at State Center, Ia.

Mr. Palmer was one of Iowa's veteran field men. He became special agent for the old State of Des Moines, in northeastern Iowa in 1898. He went with the New York Underwriters in 1903, succeeding E. S. Phelps, veteran Burlington, Ia. field man. In 1928 he cele-



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brated his silver anniversary with the New York Underwriters and about that time was honored by the Iowa Blue Goose along with several other Iowa field men who had completed 25 years of consecutive service for their respective companies. He was retired by his company in 1933 and had maintained his residence in Des Moines.

Ralph H. Taylor, Ohio state agent, St. Paul Fire & Marine, who suffered a cerebral hemorrhage two weeks ago, is in a serious condition in a Columbus hospital.

P. F. Garnett, manager public relations department Pacific Board, was married to Miss Natalie McCrum, for several years librarian and assistant secretary Fire Underwriters Association of the Pacific.

J. G. Updegraff, Royal state agent at Topeka and secretary of the Kansas Fire Prevention Association, is recovering from a sudden illness which kept him confined to his home last week.

George P. Kessberger, prominent adjuster for the Hartford Fire with headquarters in Detroit, announces that he has now become eligible to join the grandfathers club. His daughter, Mary Louise Davis, gave birth to Williams Brooks Davis, Jr., in Saginaw, Mich.

R. B. Criswell, who resigned as an engineer with the Ohio Inspection Bureau, to take up fire prevention work with the University of Maryland, was tendered a farewell dinner in Columbus with about 60 in attendance, including Ohio fire chiefs, representatives of the insurance department, fire marshal's division, Ohio Inspection Bureau and other organizations. The affair was arranged by Fire Chief Welch of Columbus and Safety Director Harry French of Columbus was toastmaster. Speakers included Judge A. H. Day of the Ohio supreme court, Chief Brack of Springfield, president Ohio Fire Chiefs Association; Dr. Drew Davies of the Red Cross, William Miller of the chamber of commerce, J. W. Huntington of the Mill Mutuals; H. E. Druggan, chairman fire prevention committee Columbus chamber of commerce, and others. Mr. Criswell was presented a Red Cross certificate of appreciation and a traveling bag.

Frank A. Mannen, vice-president of Marsh & McLennan in its New York office, died at the age of 71. He had been inactive in business since undergoing a major operation about two years ago.

Mr. Mannen was born in Maysville, Ky., and started in the insurance and real estate business in St. Paul in 1886. In 1890 he moved to Superior, Wis., where he operated as a local agent. Then for three years he was a partner in the local agency of Fowler & Mannen in Superior. In 1897 he joined the Fireman's Fund as special agent in Minnesota,

North Dakota and South Dakota. In 1900 he became state agent for the company in Minnesota, remaining until 1909 when he joined the Minneapolis office of Marsh & McLennan. He served as president of the Minnesota-North Dakota Fire Underwriters Association in 1906. He was most loyal gander of the Minnesota Blue Goose in 1908. After serving Marsh & McLennan in Minneapolis for several years, he was placed in charge of the New York office in 1916.

INSURANCE STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. La Salle St., Chicago, at close of business Oct. 4, 1937

	Par.	Div.	Bid	Asked
Aetna Cas.	10	3.00*	80	84
Aetna Fire	10	1.60	42	44
Aetna Life	10	1.10*	26	27
Agricultural	25	3.25*	76	79
Amer. Alliance ..	10	1.20*	21	23
Amer. Equitable ..	5	1.80*	31	33
American (N. J.) ..	2.50	.60*	11	12
Amer. Surety	25	2.50	44	46
Automobile	10	1.20*	28	29 1/2
Balt. Amer.	2.50	.30*	6 1/4	7
Bankers & Ship. ..	25	5.00	87	90
Boston	1.00	21.00*	580	600
Camden Fire	5	1.00	18	19
Carolina	10	1.30	21	23
City of N. Y.	10	1.20	20	22
Contl. Cas.	5	1.20	22	23
Contl. (N. Y.)	2.50	1.80*	32	33
Cor. & Rey. \$6 ..	1.00	...	3 1/2	4 1/4
Cor. & Rey. com. ..	1.00	...	80	85
conv. pld. A.	1.50	...	90	95
Cum & For. com. ..	10	.90*	25	27
Employers Re.	10	1.60	40	43
Fed. (N. J.)	10	1.40	37	39
Fidelity & Dep. ..	20	2.00	110	112
Fidelity-Phen. ...	2.50	1.80*	34	35
Fire Assn.	10	2.50*	65	69
Firemen's (N. J.) ..	5	.30	9	10
Franklin	5	1.40*	27	28 1/2
Gen. Reinsur.	5	2.00	33	35
Gibraltar F&M. ...	10	1.40*	22	24
Glens Falls	5	1.60	39	41
Globe & Repub. ...	5	.85*	15 1/2	17
Gl. & Rut. (com.) ..	25	...	44	47
Gt. Amer. Fire. ...	5	1.20*	24	25
Gt. Amer. Ind. ...	1	.20	8	10
Hallifax Fire	10	1.00**	23	24 1/2
Hanover Fire	10	1.60	30	32
Hartford Fire	10	2.00	64	66
Hfd. Steam Boil. ...	10	1.60	57	59
Home F. & Mar. ...	10	2.00	38	41
Home (N. Y.)	5	1.60*	30	31
Homestead	10	1.00	18	20
Ins. Co. of N. A. ...	10	2.50*	59	61
Kan. City F&M. ...	10	.30	22	24
Knickerbocker ...	5	.80	13	14
Lincoln F. (new) ..	5	...	3 1/2	4 1/2
Md. Cas., com. ...	1	...	4	4 1/2
Mass. Bond.	12.50	3.50	50	52
Mer. & Mfrs.	5	.60	9 1/2	10 1/2
Mer. Assur., com. ..	5.00	1.70*	45	48
Natl. Cas.	10	1.00	16 1/2	18 1/2
Natl. Fire	10	2.00	58	60
Natl. Liberty	2	.40*	7 1/2	8
Natl. Union	20	5.00*	118	122
New Am. Cas.	2	.60	11	13
New Brunsw. F. ...	10	1.70*	28	30
New Hampshire. ...	10	1.80*	42	44
New Jersey	20	2.50*	43	45
Northern (N. Y.) ..	12.50	5.00*	90	93
North River	2.50	1.20*	22	23
N. W. Natl. Fire. ...	25	5.00	120	125
Pacific Fire	25	6.00	117	119
Paul Revere Fire ..	10	1.30	22	23
Phoenix, Conn. ...	10	2.50*	78	80
Preferred Accl. ...	5	.80	15	16
Prov. Wash.	10	1.40*	30	32
Republic, Tex. ...	10	1.20	23	25
Rossia	5	.80*	7	7 1/2
Security	10	1.40	30	32
Sprgfd. F. & M. ...	25	4.75*	108	112
St. Paul F. & M. ...	25	12.00*	200	205
Travelers	100	16.00	420	430
U. S. Fire	4	2.50*	49	51
U. S. F. & G.	3	...	17 1/2	19 1/2
Westchester Fire ..	2.50	1.00	30	32

*Includes extra. **Canadian funds.

Coercion on Insurance in Connection with Loans Is Hit

ST. PAUL.—Banks, trust companies, building and loan associations and other loaning agencies that force their borrowers to switch insurance to companies designated by them are forbidden to continue such practice in a departmental ruling by Commissioner Yetka of Minnesota.

Although he admits the insurance department has no direct supervision over such lending agencies, Commissioner Yetka says that the agent who represents them will be held accountable for any violations of his ruling which followed complaints filed with the department.

"It is clearly evident that such practices are a violation of the laws and any insurance agent who directly or indirectly or by means of any artifice or subterfuge aids or abets or participates

in any of the practices mentioned, is guilty of a violation of the insurance laws of Minnesota and subject to revocation of his license. Any insurance company licensed which accepts business from any of its agents with the knowledge of or under circumstances which would ordinarily amount to constructive notice that such business was obtained by its agents in violation of this ruling, shall likewise be subject to the penalties prescribed by law," ruled Mr. Yetka.

Rhoades on Supplemental Form

NEW YORK — Sumner Rhoades, manager Eastern Underwriters' Association, will speak on the supplemental contract at the meeting of the Underwriters' Association of the Middle Department at Hershey, Pa., Oct. 22.

J. B. Taylor of the Western Actuarial Bureau will address the Nebraska State Volunteer Firemen's Association Oct. 20 at North Platte, Neb.

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U. S. Manager

E. BRANDLI
Assistant U. S. Manager

The NATIONAL UNDERWRITER

October 7, 1937

CASUALTY AND SURETY SECTION

Page Twenty-three

Reach Agreement on Contract Bond Commission Rate

Chairman Stewart Reports to Meeting of National Agents Association

DALLAS—Solution of the prolonged argument over commission on large contract bonds was announced to the National Association of Insurance Agents by W. Herbert Stewart, Chicago, chairman surety committee. He also reported that the committee is working on rates and forms of bonds required by the Rural Electrification Administration and the Farm Security Administration, formerly known as the Resettlement Administration, and hopes to have these matters approved in the near future.

The agents' committee has always admitted the justice of lower commissions on large bonds, but has contended that any reduction in rate based upon a reduction in acquisition cost should also carry a proportionate reduction in the net return to the companies, exclusive of taxes and claim expense. The compromise agreed upon after conferences between the agents' committee, a committee of the National Association of Casualty & Surety Agents, the company committee and the Towner Rating Bureau represents at least a partial victory for this principle.

New Commission Scale

At the rate suggested and expected to be published by the Towner Rating Bureau, the agent will receive the following average commissions:

Amount of Contract	Commission
\$2,500,000	17 1/2 percent
5,000,000	16.6 percent
7,500,000	15 percent

This will mean, Mr. Stewart reported, that even though the rates above the first bracket are reduced, the agent will receive more dollars in commissions in each bracket than he did under the plan originally presented by the acquisition cost conference. No reduction in rate of commissions will be made on contracts less than \$2,500,000.

Basis of Commission

The resolution of the acquisition conference provides that the Towner Rating Bureau shall specially rate all bonds covering contracts of \$2,500,000 and over, the total production cost to be not more than 17 1/2 percent on the first \$2,500,000, not more than 15 percent on the next \$2,500,000, not more than 12 1/2 percent on the third \$2,500,000 and not more than 5 percent on the excess over \$7,500,000. Not more than two-thirds of the production cost is to be the producer's commission.

Taking average costs, Mr. Stewart figures that on a contract of \$5,000,000 the average sacrifice by the agent is 37 percent and by the company 35.3 per-

(CONTINUED ON PAGE 34)

Insurance Lawyers O. K. Unlicensed Company Bill

KANSAS CITY—Surprisingly little discussion or argument developed at the meeting of the insurance section of the American Bar Association here, and it was particularly noticeable in connection with the report of the committee on lay adjusters.

More than 400 were on hand when E. S. Gambrell of Atlanta, chairman of the committee that made the majority report, read parts of the statement his committee had prepared, and which had been previously published.

At the conclusion of his report, Mr. Gambrell suggested that the section not commit itself finally, and that the committee be authorized to continue its study for another year. Eugene Quay of Chicago moved for reconsideration of the subject by a special committee during the coming year.

Cites Recent Decisions

The only comment was by W. H. Becker of Columbia, Mo., who pointed out that Pennsylvania and Missouri courts had, since the report was prepared, held that the fact an adjuster regularly represented a casualty company was no defense against a charge of practicing law.

Upon termination of discussion on the subject, three-fourths of those in the room departed, indicating the interest in the subject.

One reason suggested for the shortness of discussion and the indisposition to treat the subject more directly and fully at this time is that the American Bar Association has taken up the unauthorized practice of law, a broad and comprehensive study that includes lay adjusters as one phase. However, another view of the matter, is that Missouri has taken the most aggressive attitude toward adjusters; Missouri was the host to the convention, and should bar representatives from other states feel Missouri has taken too aggressive a stand, a thorough treatment of the subject might put guests in the position of disagreeing too sharply with their host. Another factor that also appeared to carry some weight is the absence of judicial decisions in connection with the problem. Several pretty thorough cases should reach such a decision before next year.

Unlicensed Companies

The proposed bill dealing with unauthorized insurance companies, which the committee on that subject reported to the section, brought up objections when it was presented to the section for approval. Felix Hebert of Rhode Island, counsel for the factory mutuals, moved for a return of the report to committee. After discussion the section overruled Hebert's motion and approved both the report and the proposed bill.

George Yancey, chairman of the committee, said the bill was prepared after a good deal of study and seeks to aid states to control such companies.

But Mr. Hebert thinks the bills will be harmful. "We ought to do everything possible to put out of business fly-by-night insurance companies," he

agreed. "But we should be careful that we do not, at the same time, destroy the business of reputable insurance companies."

The following portion of the bill was quoted by Mr. Hebert as objectionable: "nor shall any person or corporation in this state in any other manner aid any unauthorized insurer in effecting insurance or transacting the insurance business or performing its contracts in this state, either by fixing rates, adjusting or investigating losses, inspecting or examining risks, acting as attorney-in-fact or as attorney for service of process, or otherwise. . ."

The bill thus would prohibit an insurance company not admitted to the state from sending an adjuster into the state, Mr. Hebert asserted.

"It would destroy a large number of reputable insurers. In a number of states, reputable insurance companies are not justified in complying with the state laws because of the small amount of their business in those states," said Mr. Hebert. He mentioned the church insurance carriers as an example. The Methodist Episcopal church has a fire insurance company. It would not be justified in incurring the expense of complying with the state law, Mr. Hebert thinks. He mentioned also the traveling men's assessment insurance plan and pointed to the fact some states do not permit an assessment company to be admitted.

"If a company can't adjust losses in a state where claimants are domiciled,

(CONTINUED ON PAGE 34)

Will Give an Address at Big Casualty Convention



JOHN C. BLACKALL

Insurance Commissioner Blackall of Connecticut will be one of the speakers at the first session of the casualty convention at White Sulphur Springs, W. Va., next week. There will be a group of six department heads present.

Change Inevitable in Field of Auto Public Liability

E. W. Sawyer Urges Underwriters to Apprehend Developments

GRAND RAPIDS, MICH.—Without undertaking to suggest what the change should be, E. W. Sawyer, assistant general counsel Liberty Mutual, asserted, in addressing the annual meeting of the National Association of Mutual Insurance Companies, that the time has arrived to examine critically the current system of handling automobile liability insurance.

He expressed the belief that continuance of the current system must inevitably lead to universal compulsory compensation of injuries. The liability contract, he said, is in a transition period. "The underwriter," he declared, "who does not recognize that we must gradually change the contract from one of insurance against liability to one of insurance against injuries caused by the policyholder is not conversant with the altruistic views of the public."

Compares Employer's Liability

Conditions now exist respecting automobile liability that existed in the employer's liability field in days gone by and that forced the adoption of workmen's compensation laws, he declared.

"It is beyond the power of the insurance profession to revise court and legal systems," he declared. "The legal profession seems too busily engaged in proving that the lay insurance adjuster is practicing law to interest itself in preserving its very remunerative income from automobile accident litigation."

The legal profession, he added, "fiddles during a conflagration." He predicted that the public will ultimately take matters into its own hands and substitute a new and summary procedure.

In revising methods of underwriting automobile insurance Mr. Sawyer suggested that five objectives be kept in mind. They are: to popularize insurance; to increase the number of insured automobile owners; to create an incentive in the policyholder to avoid accidents; to devote more attention to the rights of the injured person; to more equitably allocate premium charges to those who produce losses and to avoid being caught unprepared by changes in the existing order.

Reviews Various Proposals

He reviewed several suggestions that have been considered for popularizing insurance by reducing the cost. For instance, there is the proposal to abolish omnibus coverage and provide insurance only to named operators or to go even farther and insure the liability of the insured for operation of any automobile, eliminating omnibus coverage.

The public should be educated to get a

(CONTINUED ON PAGE 33)

Penn General and Keystone Exchange Decisions Given

Results of Hunt's Efforts to Collect on Fidelity Bonds of Defaulting Executives

Judgment of the lower court was reversed and a new trial awarded by the United States circuit court of appeals for the third circuit (Pennsylvania) in the action brought by Commissioner Hunt of Pennsylvania as receiver for Penn General Casualty against Fidelity & Deposit under a fidelity schedule bond to recover for losses suffered by Penn General through alleged embezzlement of Love, who was its president, and O'Brien, its secretary.

The district court decided as a matter of law that Penn General had not given notice of the embezzlement of Love within the time required by the bond and that Penn General could not recover.

The bond provides that F. & D. be notified in writing "within 10 days after discovery" of the default or any dishonest act by a person covered by the bond.

Position of Subordinate

The higher court held that this does not mean that F. & D. be notified in writing within 10 days after the time that dishonesty was suspected, but only after discovery of any default or any other dishonest act on the part of any person filling any position covered by the bond. No subordinate officer would have been justified in notifying F. & D. that the president had actually been guilty of any dishonest conduct until he had some positive proof of that fact. Gosline, the vice-president, had his suspicions aroused by transactions concerning Love's yacht the first week of September and the semi-annual audit a day or two thereafter. He started an investigation, but until that was completed and suspicions were established as facts, Gosline did not have sufficient reliable proof of Love's embezzlement to justify him in taking the final step of giving definite notice in writing that Love had embezzled the company's money.

Under the circumstances the question of notice was properly submitted to the jury and its verdict should not have been disturbed. The jury returned a verdict for Commissioner Hunt for \$11,385, based upon the finding that Love had been guilty of embezzlement but that O'Brien had not been.

Hunt Loses Second Case

In another case brought by Hunt against Fidelity & Deposit under a fidelity bond of a defunct insurance institution, the U. S. district court for the eastern district of Pennsylvania held for F. & D. This bond had been procured to cover the dishonesty of officers of an attorney-in-fact company for a reciprocal, Keystone Indemnity Company of Keystone Indemnity Exchange. At the time the bond was procured, Stites, the president, and Frazer, the vice-president and treasurer, were then guilty of large embezzlements from the exchange and the attorney-in-fact. Frazer procured the bond.

The court held that, although the subscribers to the exchange had no knowledge of the prior peculations of Stites and Frazer, the knowledge of the attorney-in-fact as their managing agent of matters within the scope of its authority is imputable to the subscribers. Frazer's knowledge at the time he procured the bond that he and Stites had embezzled money from the exchange, had kited checks and had falsified records, must be imputed to the subscribers. It was the duty of the subscribers through their attorney-in-fact acting by its officer Frazer to inform F. & D. of the dishonest act at the time Frazer procured the bond and his failure to do so con-

Casualty Speaker



C. J. GOUGH

Deputy Insurance Commissioner C. J. Gough of New Jersey, who is the real head of the insurance department of that state, is scheduled to speak informally before the casualty convention at White Sulphur Springs next week when five other commissioners are to appear.

High Court Dismisses Suit for Removal of Hardware Mutual Casualty Officers

A suit for removal of certain officers and directors of Hardware Mutual Casualty of Stevens Point, Wis., that was brought by two former employees, has come to a close in a decision of the Wisconsin supreme court. A motion made by Attorney L. F. Binkley of Chicago in behalf of the defendants, to the effect that the appeal of the plaintiffs from the decision of the lower court was imperfect, was sustained by the supreme court. The plaintiffs were W. G. Stevens and T. L. Fawcett.

Lower Court Decision

The lower court entered judgment for the defendants Jan. 12 of this year. Stevens and Fawcett had six months within which to perfect an appeal. One of the requirements is that notice be served on each adverse party. In February of this year O. P. Schlafer, chairman of the board of Hardware Mutual Casualty, died. Stevens and Fawcett failed to serve Schlafer or his estate and Mr. Binkley made the motion to dismiss the appeal on the ground that the court could not pass on the merits of the case unless all directors were before the court. It was this motion the supreme court sustained.

Stevens and Fawcett made a multiplicity of charges, most of them centering about the operations of a premium finance company by officers of Hardware Mutual Casualty. In general they contended that the operation for profit of a premium finance company under the circumstances violated the principle of mutuality.

stituted a fraud upon F. & D. which rendered the bond void and unenforceable.

The failure of the subscribers through its officers Kart, the secretary, and Alexander, assistant treasurer, who were not in collusion with Stites and Frazer, to give notice to F. & D. of the dishonest acts of Stites and Frazer within 10 days after their discovery; the failure of Commissioner Hunt to file a proof of loss within 90 days from discovery thereof and to institute suit before the expiration of 12 months from discovery of loss, bar recovery.

Guest Hazard Is Factor in Automobile Liability Cost

Problem Reviewed by H. S. Evans of Des Moines at Mutuals' Grand Rapids Meeting

GRAND RAPIDS, MICH.—There is no question that the guest hazard does enter into the cost of automobile liability insurance, but at present it is impossible to determine how much. This was the conclusion of H. S. Evans, Des Moines, secretary Allied Mutual Automobile, in his talk before the National Association of Mutual Insurance Companies.

There appears to be no consistency in the experience of states having guest statutes and those not having them, Mr. Evans declared. The companies, further, have made no effort to segregate guest claims. However, the Iowa supreme court has decided approximately 50 cases on the guest statute since it went into effect in 1927. Since the vast majority of damage suits are not appealed to the higher courts, this is an indication that there are many guest cases and that their cost to the companies must be tremendous. Mr. Evans suggested that the companies should attempt to segregate this information, in order that they may be better equipped to present the facts to their policyholders and to offer evidence to members of legislatures in favor of guest laws.

Wanton Negligence Usually Required

About 30 states have guest statutes, which vary considerably as to the circumstances under which a guest may recover a judgment against the driver of an automobile. In the majority of states, some expression such as "wilful and wanton misconduct" is stipulated. Some states also allow recovery if the driver is intoxicated, although in such cases the companies are usually able to interpose the defense of assumption of risk, since most guests know whether the driver has been drinking.

What constitutes "wilful and wanton" misconduct is a problem which the courts are finding difficult to solve. There is some ground for the belief that a person may be reckless without being wilful or wanton. The difficulty, from a legal viewpoint, of a court using recklessness as the norm is that in most states a plea of contributory negligence cannot be raised against a charge of reckless operation. In case a driver is confronted with a sudden emergency, courts are less apt to find that he has been guilty of gross negligence.

Since most guest cases are collusive matters, Mr. Evans advocated legislation completely absolving the driver from liability to guests in all cases. Such statutes, he declared, would unquestionably lower the cost of insurance and would work a hardship in only a few isolated cases. Perhaps it would make the general public more careful with whom they ride. Under present conditions, it is common knowledge that the ordinary guest would not start a suit against his host if he knew that the host and not an insurance company would ultimately pay. Drivers, in most cases, are quite willing that guests should recover, if there is an insurance company to stand the loss.

Entertain Brainard, Whatley

Elmer Abbey, general agent Aetna Life, and Lytle Gosling, general agent Aetna Casualty in San Antonio, Tex., were hosts to President M. B. Brainard, Vice-president S. T. Whatley and local representatives of the companies at a luncheon there. About 70 were present, including W. G. Harris, Dallas general agent, and J. S. Smith, Houston general agent.

Thomas Roan and Eugene Hays have opened a new agency at 2343 West Broad street, Columbus, O.

Ohio Association Rally in Cincinnati Oct. 13

Meetings Arranged in Principal Cities in Fidelity Bond Campaign Now Under Way

Arrangements have been completed by F. J. Roelle of Cincinnati, president Ohio Association of Casualty and Surety Managers, for the noon meeting in his city Oct. 13 under the auspices of the association for the promotion of fidelity business. W. R. Perkins, president Cincinnati Casualty & Surety Association, will preside. Speakers will include E. A. Russell, Cincinnati agent; A. L. Moler, assistant vice-president Fifth-Third Union Trust Company, Cincinnati, representing the buyers; J. R. Howell, fidelity department Fidelity & Deposit, and J. Dillard Hall, associate agency director U. S. F. & G., representing the home office executives.

First Meeting in Columbus

At the first of the series in Columbus this week, Martin W. Lewis, New York, assistant manager of the Towner Rating Bureau, presided. Speakers included Fred H. Johnson, Zanesville, for the agents; B. S. Wellman, vice-president Huntington National Bank, Columbus, for the buyers, and John Brodsky, assistant manager New York metropolitan branch Fidelity & Casualty, for home office executives. G. F. Ainslie, Jr., secretary-treasurer of the Ohio association, was in charge of the meeting.

Cleveland and Toledo Schedules

The third meeting will be at Cleveland, October 19, with K. O. Saunders, Maryland Casualty, president Cleveland Surety Association, as chairman. Speakers will be L. Calvin Jones, Youngstown, O., agent; F. I. Robertson, vice-president Cleveland Trust Company, buyer; and L. B. Fowler, fidelity supervisor, Aetna Casualty, home office executive.

The fourth meeting will be held in conjunction with the annual convention of the Ohio Association of Insurance Agents at Toledo, Oct. 26. Col. H. P. Dunham, vice-president American Surety and New York Casualty, will be chairman. Speakers will be Edwin P. Brooks, Toledo, agent; H. E. Cook, president Second National Bank, Bucyrus, O., and vice-president Ohio Bankers Association, buyer; and Spencer Welton, vice-president Massachusetts Bonding, company executive.

Twenty-three Companies Join

The bond production campaign committee has put out an attractive three-color circular for publicity purposes, the theme being "Don't Hold the Bag, Fidelity Bonds Pay." Twenty-three of the large bonding companies are cooperating with the Ohio Association of Casualty & Surety Managers in sponsoring the meetings.

Not Liable for the Excess

BOSTON—The Massachusetts supreme court handed down a decision to the effect that an insured under an auto liability policy cannot collect from the insurer the excess of a judgment against him over the policy limits, even though the company had an opportunity to settle out of court for a lesser amount. The liability policy, it was pointed out, entrusts the matter of settlement to the judgment of the insurer. The case was Irving Adams vs. Factory Mutual Liability. Adams was involved in an accident in Connecticut. The company was in a position to settle the claim out of court for less than the \$5,000 limit, it was claimed, but elected to defend and a verdict of \$15,000 was rendered. A final settlement was effected for \$7,500, including counsel fees, of which \$5,000 was paid by the company, the insured standing to pay the extra \$2,500.

Way Is Open in Illinois for Full Cover Policies

New Code Puts Penalties on Rebating, R. J. Folonie Tells Casualty Men

The way is open for both fire companies and casualty companies to write full cover automobile insurance under the new Illinois code, according to Attorney R. J. Folonie, who addressed the Casualty Underwriters Association of Chicago at its first fall meeting last week. He spoke on the changes made by the new code and drew an overflow crowd. It is the opinion of many insurance lawyers that full coverage on household goods may be written by either class of companies, according to Mr. Folonie.

The breadth of the Illinois code in these respects is interesting in view of the proposal now being discussed to broaden the powers of the companies in the same way in the code that is being discussed for New York. Many important companies have their headquarters in that state, and if their powers are broadened it appears there will be no obstacles to the wide cover in Illinois.

Charter Affects Rights

There are two separate questions on the writing of complete cover in one policy. First is the charter power of the company, and second is the law of the state in which the business is written. Thus a company may have a charter broad enough to write every kind of insurance, but the states in which it operates may restrict it to the fire line or the casualty line. On the other hand, a state may permit the writing of all lines by insurance companies, but if their charters are limited to fire or casualty they cannot take advantage of those laws.

Mr. Folonie called attention to an important change under the new code regarding misrepresentation of competitors. Heretofore the law has forbidden an agent to lie about his own company. Now he cannot lie about his competitors, either. The penalties are rather stiff. In fact, an agent will be in danger of penalties sometimes when he tells the truth about competitors. If derogatory matter is spread maliciously and with intent to injure, the fact that it is true is not a justification in Illinois.

Penalties On Rebates

The law against political contributions has been made much more severe. The law against rebating or special concessions in premiums has also been stiffened. It applies to rates that have been filed. Devices for giving the insured a financial advantage, such as buying or selling something at a price which offers an inducement on the insurance premium, are now illegal. The anti-rebate law forbids concessions not made in the policy. A rebate is a deviation from the premium stipulated in the policy. However, an agent may be guilty of two offenses if the rates are required to be filed. If he writes the policy for less than the rate filed, he is subject to a penalty for deviation. If he writes the correct premium in the policy, but charges a different premium, openly or by some subterfuge, he is not only guilty of deviating from a filed rate, but he is also guilty of rebating, and may be subject to two penalties.

On the matter of rebates or deviations, an agent can be compelled to produce his books for examination. If he produces his records under a subpoena, the dis-

(CONTINUED ON PAGE 30)

Massachusetts Compulsory Rate Hearing Views Reserves

Examiner O'Leary Compares Results and Estimates—Judge Chase Challenges Testimony

BOSTON—The formal hearing on the compulsory automobile liability insurance rate schedule for 1938, which began before Commissioner DeCelles two weeks ago was completed after 11 days testimony.

Judge F. H. Chase, representing the companies, presented a prepared statement in which he outlined his exceptions to certain features of the hearing, notably the limited experience of the department examiners, their lack of knowledge of first hand evidence in the cases for which they had estimated reserves, and the fact that much of the testimony was introduced without being sworn to.

Commissioner DeCelles said he would wait until he had received a full transcript of the evidence submitted before commenting on the rates for next year.

BOSTON—A comparison of arbitrary reserves made by insurance department employees, after a study of reserves set up by company examiners, and the reserves set up by the companies themselves, constituted the main interest in the hearings on the 1938 Massachusetts compulsory automobile liability rates. The dictum of the supreme court that every item submitted by the commissioner must be fully substantiated has resulted in a long drawn out hearing on next year's schedule which went into its third week.

The outstanding net result of the testimony is that the department's estimates on reserves, when compared with actual payments on identical claims, during a five year period ending with 1936, showed an underestimate of one-third of 1 percent, while the companies, for the same period, over-estimated reserves by 4.64 percent for both stock and mutual companies.

Checks Outstanding Claims

Chief Examiner Katherine M. O'Leary testified about 98 percent of the total claims of all companies outstanding as of March 31, 1937 were checked, the claims of six companies, with 531 claims for a total of \$261,117, not being covered. Miss O'Leary stated that during the period 1932 to 1936 inclusive the companies, in the aggregate, had overestimated their reserves in each of the five years except 1934. Some companies had regularly overestimated their reserves, others had habitually underestimated. Different policies with respect to claim settlements were found, said Miss O'Leary, some being quick settlers and others slow. Some companies had included certain expenses in their reserves, and others had reported non-statutory claims as statutory.

Not Substantiated

Judge F. H. Chase, representing the companies, in cross examination, brought out that the department examiners were reviewing only the companies' estimates and did not go into the field to interview witnesses and otherwise check up on the facts at first hand. He also secured the admission that mistakes were made both ways by some companies, some reporting statutory claims as non-statutory. The department examiners admitted that the companies' attitude was one of cooperation when errors were called to their attention and that such errors were usually due to the "human element."

Exceptions were taken in general to the testimony of Miss O'Leary on the grounds that the testimony from the de-

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Now in Command



C. G. HALLOWELL

Secretary C. G. Hallowell of the Aetna Casualty & Surety, who succeeds Vice-president W. L. Mooney in charge of the casualty agency department owing to the latter's retirement, is well known to the fraternity. He has been with the Aetna Life organization since 1912. He has always given an excellent account of himself. Mr. Mooney resides on a tract of land out in West Hartford which affords him ample opportunity to range among his domestic animals and acres. Keeping in the same bucolic spirit, Mr. Hallowell has recently purchased 110 acre farm near Grandy. He has just finished remodeling the house and he and his family spend their week ends there. It is next to the farm owned by Counsel O. R. Beckwith of the Aetna Life.

U. S. F. & G. Is Now Writing Illinois Liquor Liability

The midwest division office of the United States Fidelity & Guaranty in Chicago announced to its general agents in Illinois this week that it is now prepared to write liquor liability coverage—the so-called "dram shop insurance" which heretofore largely has been written by Landon Lloyds.

Manager W. O. Schilling stated the rates and forms are not yet available.

The member companies of the National Bureau of Casualty & Surety Underwriters for some time have been permitted to write this form but few have elected to do so. The Continental Casualty and Car & General are selling this cover.

Many Chicago casualty managers, it is understood, have requested their companies to consider writing this insurance but the companies have been slow to take it up. Due to the possibility that London Lloyds may not be able to reach an agreement with the Illinois department that will make possible continuing there under a regular license, a number of companies are believed now to be considering liquor liability more seriously, having in mind the large volume of this business that London Lloyds has on the books and which might be thrown on the street.

Parks to Give Boston Course

W. A. Parks, Boston attorney and son of Chairman J. A. Parks of the Massachusetts industrial accident board, will give lectures on casualty insurance at the Boston University school of business administration, in a course primarily arranged for employees of insurance companies, agents, brokers, adjusters and attorneys.

Committee Finds Undue Haste in Pittsburgh Case

Agency Association Cabinet Hears Complaint Against Massachusetts Bonding

DALLAS—The executive committee of the National Association of Insurance Agents had before it at the Omaha meeting in April, 1937, a complaint from the Fire Insurance Agents Association of Pittsburgh, in the case of Johnston & Harder vs. Massachusetts Bonding, growing out of the termination of an agency contract.

At the conclusion of that hearing, the committee made certain findings and conclusions. At Dallas the committee decided to release those findings and conclusions.

There appeared before the executive committee a committee from the Pittsburgh Fire Insurance Agents Association headed by W. M. Reid, its chairman, who presented a memorandum and oral arguments. There also appeared Ralph H. Alexander of Pittsburgh who spoke on behalf of the complainant, and Spencer Welton of Chicago, vice-president Massachusetts Bonding, in its behalf.

Cancellation of Contract

The Pittsburgh committee presented the following query: "Did the Massachusetts Bonding effect cancellation of its contract with Johnston & Harder in an equitable manner, consistent with the principles of the American agency system and in accordance with the terms of the contract, when considered in the light of the circumstances governing the case?"

The executive committee gave careful consideration to the case and finds that the general agency contract made as of Jan. 1, 1917, the cancellation of which forms the basis of the complaint, contained a provision it should continue subject to cancellation upon 30 days notice from either party, provided that any violation of, or failure to comply with any of its conditions or provisions by the general agent may be considered by the company as cause for the immediate termination of the contract, and that the company should not be liable to the general agent for any loss, injury or damage that may result from such termination.

What the Committee Found

The committee finds that the company terminated the contract, instant, by written notice Feb. 3, 1936, on the ground as expressed in the notice "because of your violation of your obligations thereunder."

The committee finds that one of the reasons now assigned for such termination was a failure to pay October, 1935, balances on the exact date provided for the reason that such balances were not paid until four or five days after such agreed time, although such short delinquency had been a matter of general practice.

The committee finds that there were other facts and circumstances surrounding the relationship between the company and its general agents which appeared to the company as sufficient reason for the cancellation of the contract in the manner in which it was canceled.

The committee finds that there was in existence an operating contract, between Johnston & Harder and Affiliated Agencies, Inc. (a management company) which cast upon Affiliated Agencies a substantial expense in connection with

(CONTINUED ON PAGE 33)

ACCIDENT AND HEALTH

Eastern Conference Revived

North American Accident Holds Enthusiastic Agency Meeting at Big Moose, N. Y.

The meeting of the Eastern Agents Conference of the North American Accident at Big Moose, N. Y., was one of the largest and probably the most enthusiastic ever held by that organization. These meetings have been suspended for several years but are to be made an annual feature hereafter, with officers chosen on the basis of production.

This year 110 agents and wives were in attendance, including many agents who have not hitherto attended any of these conferences. Vice-president George Manzelmann presided at the business sessions, with golf in the afternoon and a dinner dance Saturday night concluding the meeting.

There were no set speeches at the meeting, the entire program being given over to round table discussions. The subject that attracted probably the most attention was that of locating prospects. Members of the Cleveland agency, headed by T. D. Russell, told of the use of a series of letters sent out to selected prospects in the better occupations, picked from the classified telephone directory, with business reply cards enclosed. Miss Bess Hersch, one of the leading producers of the Cleveland office, gave a demonstration of a telephone solicitation.

S. G. Moyer, Columbus, O., who writes much business on farmers, told of the results he had obtained by sending out cards on rural delivery routes, addressed to box numbers. Others told of sending out cards by Western Union messengers and otherwise.

Hyman J. Small of Worcester, Mass., who is a cold canvass expert, described his methods. H. E. Moore and W. M. Olive of Boston told how they used the limited policy as an introduction and built business on that basis.

There was also some discussion of underwriting methods and of the company's new commercial policy.

The Columbus agency challenged the Cleveland agency to a production campaign and it was announced that the winner will receive a trophy cup.

Announce Health & Accident Conference Committees

S. C. Carroll, Mutual Benefit Health & Accident, president of the Health & Accident Underwriters Conference, has announced his committees for the current year. The chairmen are: Program, C. O. Pauley, Great Northern Life; membership, O. F. Davis, Illinois Bankers Life; manual, A. E. Forrest, Jr., North American Accident; public relations and education, E. J. Faulkner, Woodmen Accident; underwriting, J. F. Ramey, Washington National; legal, V. J. Skutt, Mutual Benefit Health & Accident; legislative, Charles Waldron, Inter-State Business Men's; entertainment, R. A. Cavanaugh, Illinois Commercial Men's; resolutions, C. C. Inman, Illinois Mutual Casualty; memorials, E. C. Edmunds, Fidelity Health & Accident.

U. S. Aviation Underwriters Has New Accident Policy

United States Aviation Underwriters announces a new personal accident policy covering losses suffered through an "aviation accident," which is defined as an accident causing death or bodily injury to insured while a passenger in an approved aircraft, or on an established

airport for the purpose of boarding or alighting from an aircraft following a flight as passenger, if death or injury is caused by being run down or struck by any landing, taking-off or taxiing aircraft, or the moving propeller of any aircraft. It also includes bodily injury or death suffered at place of forced landing of an approved aircraft in which insured was riding as a passenger, if injury is received under similar circumstances, and also death or injuries while awaiting rescue following a forced landing on land or water, providing the arrival of outside assistance at the place of forced landing is essential to the preservation of life, and when such death or injury is due to drowning or exposure as a direct result of the forced landing.

The policy is written only for passengers and not for pilots or members of the crew of any aircraft. It covers only death and dismemberment. The annual premium for \$1,000 principal sum is \$1.80.

Offers Hospitalization Policy

The Professional Insurance Corporation, Jacksonville, Fla., is issuing a hospitalization policy which pays \$5 a day for 21 days in any hospital, increasing two days per year up to 30 days; \$10 for operating room, \$5 for ambulance, \$1 per day for 10 days for medicine, etc.; \$25 for x-rays, \$5 per day for maternity patients for 10 days, plus \$10 for delivery room. The policy is in immediate benefit for any and all accidents and for any and all sickness, except that operations are covered only after three months and there is no liability for any disease which has its inception prior to issuance of the policy. The rate for an individual policy is \$2 with application in advance and \$1 monthly thereafter. Premiums can be paid quarterly, semi-annually or annually, the rate in the latter case being \$11; family group, \$4 with application, \$1 per month for each adult or child over 18 and 50 cents a month for each child under 18; groups of 10 or more, on pay-order basis, \$1 for each applicant in advance and 90 cents monthly or 25 cents weekly thereafter.

Observe 30th Anniversary

The Missouri Insurance Company of St. Louis is conducting a 30th anniversary campaign the last three months of this year, honoring President J. A. Walker. Mr. Walker and W. A. Johnson arrived in St. Louis from Kentucky Oct. 1, 1907, to establish the new company, then known as the Missouri Life & Accident. Mr. Johnson was president and Mr. Walker secretary-treasurer. He succeeded to the presidency in 1924 on the death of Mr. Johnson. In that same year the present name was adopted. Mr. Walker wrote the first policy issued by the company in 1907 and has always been intensely interested in the production end. He has been prominent for many years in the Industrial Insurers Conference.

Commissions Are Increased

The Chicago branch office of the Continental Casualty is increasing commercial accident and health commissions 5 percent for every agent who writes \$200 or more premiums in October and November. This applies only on new business, the first year, dated between Oct. 1 and Nov. 30.

Has "Four-in-One" Policy

The "four-in-one" accident policy of the Massachusetts Accident pays weekly benefits for the period of total and continuous loss of business time, with three-fourths, one-half or one-fourth partial, according to the amount of loss of time.

Insured may elect weekly indemnity for life instead of lump sum payments for major dismemberments. Scheduled amounts may be elected for certain frac-

tures, amputations and dislocations instead of weekly indemnity. Medical reimbursement is included. Air travel is covered under the usual "fare-paying passenger" provisions.

Automobile Chief Cause

The Equitable Life of New York finds that in the 243 days from Jan. 1 to Aug. 31, it paid 907 death claims on 853 lives under policies that had been in force for less than a year. Of the total 25 percent or 211 were directly due to an accident of some kind. Of all accident fa-

talities, 39 percent were caused by automobiles.

Thomas Agency Is Leader

The W. L. Thomas agency of the Massachusetts Bonding in Los Angeles led the entire field of accident and health production in September for the fourth month this year.

The Fort Dodge, Ia., agency of the Washington National was host to the central Iowa and Storm Lake agencies at an all-day meeting at Wraywood. H. E. Nevenon, district director at Fort Dodge, was chairman.

CHANGES IN CASUALTY FIELD

C. D. Bridges, J. J. Heelan Join Casualty Mutual

The Casualty Mutual of Chicago announces the appointment of Clark D. Bridges as safety director and John J. Heelan as production engineer.

Mr. Bridges has been connected with the Illinois Manufacturers Association since the Illinois occupational disease act was passed. He headed the workmen's compensation health and safety bureau of the association. Formerly he was connected with Hartford Accident and General Accident in engineering and safety capacities. He became interested in the occupational disease problem when claims on that account began to multiply in Illinois several years ago. He became an authority on various phases of the subject.

Mr. Heelan resigned recently as assistant Chicago manager of Commercial Casualty and Metropolitan Casualty. He went to Chicago a year or so ago from the head office of those companies in Newark. He has had engineering experience and has an extensive acquaintance among agents and brokers.

The forms and policies of Casualty Mutual have now been approved by the Illinois department and its compensation license has been issued and the company is ready this week to begin operations, according to Manager E. E. Hielscher.

The company will specialize in compensation and occupational disease risks. It has no prohibited list. It will undertake to build a special kind of service for compensation risks.

U. S. Casualty Chicago Move

The Chicago office of United States Casualty under Manager E. L. Stephenson is being moved to A-1235 Insurance Exchange. This space is adjacent to the branch office of New Amsterdam Casualty and the two communicate. For some time the claims, inspection and engineering services have been jointly conducted and the move will make for convenience. Hurd Douglass is manager of New Amsterdam.

Haas Agency Incorporated

Quincy Haas, Inc., has been incorporated to carry on a general agency business in St. Paul. M. Q. Haas, head of the new firm, was formerly vice-president of the Great Lakes Casualty. The Matteson Company previously held the agency for the Great Lakes.

New General Agency Opened

Between 75 and 100 agents, brokers and company men attended the formal opening of Pacific Agencies, Inc., a new general agency which represents the New Amsterdam Casualty in Los Angeles. Refreshments were served.

Joins St. Paul-Mercury

ST. PAUL.—Bert Kurman, for several years with the United States Fidelity & Guaranty in St. Paul and Chicago, has been appointed state superintendent for Wisconsin by the St. Paul-Mercury Indemnity, with headquarters in Milwaukee. The position is a new one.

Mr. Kurman was with the U. S. F. &

G. several years in Chicago before coming to St. Paul a year and a half ago as manager here.

Joins Hartford in Pittsburgh

Alex Artzt, special agent Fidelity & Casualty, San Antonio, Tex., has resigned to go with the Hartford Accident in its Pittsburgh office.

Gardner Opens Office

J. P. Gardner of Winchester, Ky., formerly with the Hartford Accident, with offices at Raleigh, N. C., will open a claim adjustment and investigation office at Lexington Oct. 1. Mr. Gardner resigned as manager of the Raleigh office to enter the independent field, and will operate the Kentucky Adjustment Company, with offices at 206 Walton building. He and his family will move to Lexington next month.

Kitchener with U. S. F. & G.

A. L. Kitchener has been appointed superintendent of the automobile department in the New York office of the U. S. F. & G. Heretofore he has been associate in charge of automobile underwriting in the home office of Ocean Accident.

Aetna Claim Men Shifted

R. H. Espe has been appointed adjuster in charge of the Aetna Casualty's claim department in Philadelphia. Since 1922 he has been in charge of that company's Indianapolis claim office. J. B. Daly, heretofore claim manager at Grand Rapids, Mich., succeeds him in Indianapolis. J. F. Callaghan is the new claim department head at Grand Rapids.

Nyhus Goes to St. Paul

Earl Nyhus, for several years state agent of the Anchor Casualty in Fargo, N. D., has been transferred to St. Paul.

C. H. Phillips to Buffalo

C. H. Phillips has been appointed bond manager at Buffalo for Hartford Accident. He has been bond underwriter in the Chicago office since 1934. Previously he had service with U. S. F. & G. and Metropolitan Casualty in Chicago.

Seventy Lloyds Lines Affected

It is understood that the recent ruling of the Missouri department prohibiting the so-called practice of "fronting" has affected about 70 bus and truck lines insured by London Lloyds. The practice has been for London Lloyds to get some company licensed in Missouri to file the necessary papers with the Public Service Commission or other regulatory body so as to get clearance in the state for the assured. However, the filing company assumes none of the liability. That is reinsured 100 percent in Lloyds. The Missouri department outlawed these 100 percent reinsurance deals. That is causing considerable disturbance. It is understood that the commissioner of at least one other state is considering taking similar action.

Already the "primer" for 150,000 agents "Right to the Point" saves time, trouble, mistakes for the man just starting. 75 cents. The National Underwriter.

Auto P. L., P. D. Experience Filed with N. Y. Department

NEW YORK—All casualty companies operating in New York have filed with the department their experience on automobile public liability and property damage risks in the state for policy years 1932-1936, in so far as 1936 data is available. The record will be studied by the department in connection with the proposed rate filings of carriers when these are submitted.

Ratings in the state are now divided in 38 territories, and as rates charged in a number of these are identical, it is presumed there will be a number of territorial consolidations in the next manual.

Experience shows there has been a substantial reduction in number of claims for bodily injuries recorded in the past year, a result attributed in considerable degree to the energetic investigation of fake claims by the police, and especially the district attorney's office of this city. The new rates, for New York, it is expected, will be announced before the end of October.

Casualty Actuarial Society Meets in New York Nov. 18-19

NEW YORK—The Casualty Actuarial Society will hold its annual meeting at the Hotel Biltmore here Nov. 18-19. In addition to the usual luncheon there will be an informal dinner for members, wives and invited guests the first evening. Members having papers in preparation are urged by Secretary Richard Fondiller promptly to send them in quadruplicate to the editor, thus enabling their printing in time for distribution at the meeting.

Illinois Auto Rate Filing

For the most part, insurers filed with the Illinois department Oct. 1 the same automobile rating setups that they had been employing prior to the time state control became effective. The bureau companies filed the conventional plan without change in rates and the deviating companies filed the plans that they have been using. London Lloyds made no filing. Under the Lloyds temporary permit running to Dec. 13, those underwriters may renew auto policies but in accordance with the rate control article. Since they made no filing, the presumption is they are prohibited from renewing such policies.

Mutuals in Conference

WAUSAU—Employers Mutuals held a two-day supervisors conference at the home office here with H. J. Hagge, president and general manager, extending welcome. S. F. Staples, comptroller, spoke and G. E. Bendinger conducted a round-table. Departmental meetings were held under supervision of V. H. Burhop, secretary.

Colorado Fund Report

DENVER—Premium income of the Colorado state compensation fund for 1937 will probably reach \$1,750,000, compared with \$1,492,000 last year, H. C. Wortman, manager, forecasts. The average cost per accident so far this year is \$54. Premium income for the first eight months was \$1,116,000, and losses paid were \$730,000. Dividends returned to policyholders were \$521,000.

Loyal Durand, 69, for 40 years general agent Employers Liability, who also represented several fire companies as a local agent, died in Milwaukee after an illness of four weeks. He started law practice in Milwaukee in 1892, continuing his legal work until 1897, when he followed his father's profession by branching into the insurance business. He was a director for 12 years and president for three years of the Milwaukee Board and a director for six years and president for one year of the Wisconsin Association of Insurance Agents.

Massachusetts Referendum on Compulsory Law Denied

BOSTON—An application by the Boston Automobile Club, to the attorney-general for permission to file an initiative and referendum petition for the repeal of the compulsory automobile liability insurance act of Massachusetts and substitution for it of a financial responsibility law, has been rejected by J. J. Ronan, acting attorney-general. At the same time the attorney-general's office allowed a petition for an initiative and referendum seeking to establish a flat rate of insurance for automobile liability lines. The action is based on the form and text of the respective petitions.

The acting attorney general finds that the petition for repeal of the present compulsory law and establishment of a financial responsibility law, which latter is based on the model act of the National Automobile Association, cannot be allowed because the proposed financial responsibility law violates a constitutional amendment which provides "No measure that relates to the powers of courts shall be proposed by an initiative petition."

J. F. Cavanagh, president of the club, is now preparing a new form of petition to avoid the unconstitutional provisions of the "model" act which will be submitted later.

A bill was filed with the clerk of the Massachusetts house calling for a legislative investigation of the insurance companies' methods of securing data for submission to the insurance commissioner for compulsory rate-making purposes.

No Pay to County Prisoner

MILWAUKEE.—The Wisconsin industrial commission holds that inmates of the Milwaukee county house of correction cannot collect compensation for injuries while working there such as is provided for inmates of state institutions.

Hales Peter filed a claim for \$1,000 for injuries to his hand when it caught in a mangle while he was working in the institution laundry. He contended that as an inmate he was a county employee and as such was entitled to workmen's compensation benefits.

The county opposed the claim on the ground that no employer-employee relationship existed, and that the state law is specific in empowering the commission to order disability compensation only to inmates of the state prison injured while doing work at the prison.

River Work Not Maritime

The supreme court of Nebraska has held that an operator of a pile driver moored in a navigable river, but engaged in purely local work, is not in a maritime employment and consequently is restricted to a compensation claim against his employer if he is injured in the course of his work. This point was ruled on for the first time in Nebraska in the suit of C. F. Belk vs. Massman Construction Co.

Dog Bite Brings \$135

NEWARK—The New Jersey compensation bureau has awarded Herman Rubinfeld compensation of \$135 for being bitten by a dog while canvassing for the Crowell Publishing Co.

Counties Come Under Act

Attorney-general Carmichael of Alabama ruled that counties which elect may come under the workman's compensation act in regard to road employees, but premiums on policies should be paid from the general fund instead of the gasoline or road and bridge funds.

You're In the Money—when you sell accident and health. Read The Accident & Health Review for sales pointers. Sample 10 cents. Address A-1946 Insurance Exchange, Chicago.



CASUALTY FIDELITY SURETY

Unquestioned Financial Stability.
Unique, Convenient Policies.
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Combination Automobile Policy, Combination
Residence Policy and Complete Golfer's Policy
issued jointly with allied fire companies.

**INDEMNITY
INSURANCE CO. OF
NORTH AMERICA**

PHILADELPHIA

WORKMEN'S COMPENSATION

Submit Michigan O. D. Rates

National Council Schedule Now in Commissioner's Hands—Plan Conference in Detroit

LANSING, MICH.—A schedule of proposed rates prepared by the National Council on Compensation Insurance for the new occupational disease hazard under the amended Michigan compensation law, effective Oct. 29, has been submitted to Commissioner Gauss. Under the new act the commissioner has 15 days to go over the schedule before approving or rejecting it but no objections are in sight, according to those familiar with the situation, and it is be-

lieved that the rates will be filed in the same form as submitted.

The rate schedule was worked out by the compensation council in collaboration with the regional committee. While there are some questionable points in the law it is anticipated that any possible court tests will be instituted by self-insurers rather than by employing firms which are insuring under the broadened act.

Meanwhile preparations are going forward for a three-day conference on the new occupational disease laws, to be held in Detroit just prior to the effective date. Chairman Krogstad, of the department of labor and industry, which administers the compensation law, is calling the conference. It is expected that many of the companies operating in

Michigan will be represented. The first day will be given over to papers by experts on administrative and legal aspects of the new act, the second day to papers on medical phases and the third day to prevention of diseases and ailments covered. General discussion will be encouraged. It is hoped to have administrators of similar laws in other states present to present papers and lead discussions.

Rates Cut in Illinois

New compensation rates became effective in Illinois Oct. 1. Except for very few classifications, the new rates represent reductions, some running in the neighborhood of 20 percent. Most of the reductions are about 10 percent. One of the sharpest cuts is in the wrecking classification, the new rate being \$36.50 and the old rate of \$46.48. For window cleaners the new rate is \$11.57 and the old \$12.41.

For private residence carpentry there

is an increase, the new rate being \$5.12 and the old rate \$4.46. For all other carpentry, however, there is a reduction, the new rate being \$9.15 and the old \$10.36.

Virtually all of the new rates are higher than the rates that became effective June 30, 1935.

O. D. Symposium in Chicago

Thirty or forty insurance men interested in occupational disease matters attended the symposium on O. D. in Chicago under the auspices of Northwestern University medical school. The speakers included Frances Perkins, secretary of labor, and O. E. Mount of the Illinois Manufacturers Association, who is chairman of the committee that drafted the Illinois occupational disease bill. Dr. L. U. Gardner of Saranac Lake, N. Y., one of the foremost experts on occupational disease matters, participated in the discussion. There was much interest in the observations of Dr. Kehoe of Cincinnati University on lead poisoning.

California Fund Dividend

SAN FRANCISCO—More than \$3,000,000 in cash dividends will be distributed by the California state fund, according to C. B. Day, manager. This year's dividend, according to Mr. Day, will be the largest in its history.

SURETY

View Michigan Liquor Rates

Higher Bond Requirements May Bring Action—Present Schedule May Prove Inadequate

LANSING, MICH.—A ruling of the state liquor control commission, increasing from \$3,000 to \$5,000 the amount of bond protection required of dealers selling beer and wine by the glass, has stirred a protest which may result in some sort of inquiry relative to the rates charged for such bonds. The liquor commission refused to modify its ruling to the extent of continuing to accept the smaller bond but advised Dean Anderson, secretary of the Saginaw Beer & Liquor Dealers' Association, who appeared to protest bond costs, to take up with the insurance commissioner the possibility of launching an investigation to determine whether the companies were charging an excessive rate for the coverage. No such request has been made of the commissioner. Company officials are of the opinion that Commissioner Gauss would not take seriously any pressure for such a probe in view of the extremely moderate rates now being collected for the bond whose terms were greatly broadened by the 1937 legislature.

Uniform Rate Charged

A uniform rate of \$13 per \$1,000 is being charged for the new bond despite the fact that the hazard has been greatly increased by the changes in the law. The old bond for liquor dealers sold for \$65 and it was feared for a time that it would be impossible to maintain this rate but the joint committee of bureau and non-bureau companies agreed to keep the same rate which now becomes applicable to all classes of by-the-glass vendors.

The new bond provisions, surety men emphasize, permit "direct action suits" and language of the bond, as dictated by the liquor commission, includes a provision covering "fines and forfeitures." If this clause is interpreted as covering all cases of non-payment of fines or forfeiture of appearance bonds, surety men see much heavier losses than present premium income can accommodate. They point out further that at least three years' experience will be necessary with the new bonds to determine whether rates are adequate. The

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NEWS OF CASUALTY COMPANIES

United Automobile to Expand

Grand Rapids Company Gets Additional Capital Through Purchase of Stock by Des Moines Firm

DES MOINES.—Olmsted, Metcalf & Co., Des Moines investment firm, has purchased a large block of stock of the United Automobile of Grand Rapids, Mich., which writes full cover automobile insurance. It is reported to have paid \$12 a share for 10,000 shares of authorized but heretofore unissued stock. The new capital is expected to raise the total assets to more than \$400,000.

No changes are contemplated either in the name of the company or in its present management or personnel. J. K. Miller, Jr., son of the founder of the company, will continue as secretary and manager. Commenting on the new financial structure, Mr. Miller said:

"The added capital permits the company to increase not only its present business in Michigan, but it will enable it to undertake a conservative program of expansion in mid-western states."

S. J. Barkwell is president; W. A. Stuart, vice-president, and Leland D. Phelps, counsel.

George Olmsted of Olmsted, Metcalf has been president of Travelers Mutual Casualty of Des Moines.

L. S. Moore Advanced

L. S. Moore, vice-president American Surety, is now a member of the company's home office underwriting committee. His present duties as manager of the metropolitan branch office will be assumed by M. L. Jenks, vice-president, who will have sole supervision of that office.

Mr. Moore joined the company in 1905

as secretary to F. W. Lafrentz, then comptroller, now chairman. He was given charge of the reinsurance department in 1912, later becoming assistant manager and then manager of the metropolitan branch office.

Insurors Indemnity Is New Company at Tulsa, Okla.

The Insurors Indemnity & Insurance Company of Tulsa, Okla., with \$250,000 capital, has been incorporated and is expected to be licensed this week. The stock is fully paid up and it has \$100,000 cash surplus. It will write automobile and general liability, liability, property damage and collision, other than automobile, workmen's compensation, plate glass and burglary.

H. L. Sullivan is president; S. H. Green, vice-president, and J. M. Flannery, secretary. Mr. Green is former state agent of the Employers Casualty of Dallas. Several of the other officials and organizers are connected with Lofflan Brothers, drilling contractors.

Three Officials of Auto Mutual Indemnity Resign

Three officials of the Auto Mutual Indemnity of New York have resigned their positions, but they are being retained by the committee of certificate holders that has taken charge of the management of the company and will be available for advice. Those resigning are Kirk A. Landon, executive vice-president; Vincent Scully, secretary, and David Scope, treasurer.

George M. Kelly continues as vice-president and John O'Neill has been named secretary.

The committee of six certificate holders consists of W. W. Wickman of Florida; F. G. Chason, Maine, John Mahon of Ohio; Creston Bridell of Pennsylvania and L. M. Jordan of South Carolina.

Surplus note certificates amounting to \$27,000 were recently paid in. The company is undergoing reorganization. It has specialized in long haul truck and bus business. It is understood that some sort of an arrangement may be made with Lawrence Malawista, vice-president Manhattan Mutual Automobile Casualty.

Frank M. Chandler recently resigned as superintendent of agencies of Auto Mutual Indemnity.

Receives Compensation License

The Highway Mutual Casualty of Chicago, which was licensed in June, has now received a permit to write compensation insurance. It has surplus of about \$60,000. It is promoted by a number of those who formerly operated the United Employers Corporation of Chicago handling workmen's compensation insurance on an unusual basis. F. M. Heller is president.

The Bituminous Casualty has been licensed in Minnesota.

High Death Toll

DEWITT, IA.—Since Easter Sunday 10 persons met death in highway crashes in this vicinity and seven times the proprietors of one garage took their wreckers to scenes of accidents to bring back battered cars, damaged beyond repair. Besides 10 persons who lost their lives, six were seriously injured. Two accidents within 24 hours killed seven persons. All happened in clear weather and on dry pavements and at locations where the view was not obstructed. The worst accident occurred in day-light. Liquor did not figure in any one of the accidents.

present rates are far below the schedules which were considered fair under the old Warner-Cramton liquor law which preceded prohibition. Bond terms under the present law, however, closely approximate those under the pre-prohibition act, surety underwriters say. A revision of rates on specially designated distributors' bond, now rated at \$16 for the \$1,000 cover required, and on the specially designated merchants' bond, now rated at \$8 per \$1,000 bond, is anticipated in the near future. These licensees handle package liquor only.

Demand Made on Bondsmen

BOSTON.—Demand has been made on the Massachusetts Bonding and the Standard Surety & Casualty, which bonded former City Treasurer E. L. Dolan of Boston, to meet a judgment of \$178,072 against him. Dolan was found guilty of defrauding the city while treasurer by profiting from the sale of bonds through a private bonding and securities corporation which he controlled.

Bissell Buffalo President

BUFFALO, N. Y.—L. R. Bissell, former secretary-treasurer of the Buffalo Surety Club, has been elected president, succeeding J. Wheeler Wood. W. F. Kimberly becomes secretary-treasurer.

Plan Chicago Surety Party

Plans are shaping for the annual party and election of the Surety Underwriters Association of Illinois, which probably will be held Nov. 9, at Chicago. The entertainment committee consists of Lloyd Conochie, Central Surety; Ed. Madden, Maryland Casualty, and R. D. Searles, Fidelity & Deposit. R. E. Hall, Columbia Casualty, is president.

The Commercial Standard of Texas has been licensed to write automobile, workmen's compensation, liability, plate glass and burglary insurance in Kentucky.



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CASUALTY PERSONALS

Armstrong Crawford, president of Great Lakes Casualty, has returned to Detroit from a month's agency visit to the Pacific northwest. Great Lakes Casualty gets much of its business from Washington and Oregon.

In observance of his 20th anniversary as manager of the Wisconsin Compensation Rating & Inspection Bureau, **George F. Haydon** was honored at a dinner arranged by the bureau office staff acting with the governing committee. About 80 attended. Among those from out of town were Orrin Fried, chief statistician Wisconsin industrial commission; F. P. Lawton, Wisconsin department, both of Madison. Company representatives from outside of Milwaukee included W. H. Burhop, executive vice-president Employers Mutual Liability, Wausau; E. W. Kitzrow, vice-president Hardware Mutual Casualty, Stevens Point; J. C. Bradley, Chicago, Zurich; V. H. Bartholomew, Chicago resident vice-president Standard Accident, and Joseph Forest, of the home office of Liberty Mutual.

Mr. Haydon went to Milwaukee to become manager of the then newly formed Wisconsin compensation rating bureau, organized about five years after the pioneer Wisconsin compensation act became effective. Before that he had been with the Chicago Bonding, Prudential Casualty, with both as a liability underwriter, and before that as an engineering officer with the White Star Line.

Mr. Haydon was presented with a sapphire set in a gold ring.

Among the insurance people that attended the meeting of the insurance section of the American Bar Association in Kansas City, were:

Allan Brosnith, Travelers; R. E. McGinnis, Kansas City, Central Surety; Reid Cloon, R. B. Jones & Sons agency; Powell McHaney, General American Life; J. F. Allebach, Missouri insurance department; Roscoe Groves, local agent; Frank McVicar, assistant secretary, and Manning Heard, secretary and general counsel Hartford Accident; J. A. Millen, vice-president, and Ed Moseman, general counsel Standard Accident; Garner W. Denmead, New Amsterdam Casualty general counsel; Raymond Caverly, vice-president Fidelity & Casualty; George Naught, vice-president American Surety; E. V. Mitchell, vice-president Continental Casualty; Thomas Harvey, attorney for the Travelers; John A. Luhn, vice-president F. & D.

An exposition of the forms of casualty and surety coverages needed by building and loan associations was presented by **Ralph Furner**, resident manager at Pittsburgh for Maryland Casualty, at the convention of the Pennsylvania League

of Building & Loan Associations at New Castle, Pa.

Low H. Webb of Conkling, Price & Webb, Chicago, is motoring to the White Sulphur Springs convention of the casualty agents and executives, accompanied by Mrs. Webb and Mr. and Mrs. T. Stuart Smith. After the meeting, they plan to visit the Great Smoky Mountain National Park.

Arthur H. Vincent of the same firm plans to attend the meeting.

Bay State Auto Rate Hearing Treats Reserves

(CONTINUED FROM PAGE 25)

partment examiners was not properly substantiated.

The commissioner brought out that the expense ratio in Massachusetts was much below the rest of the country. On figures for country-wide business, the expense ratio was 47.08 percent, while for Massachusetts it was 32.43 percent, the difference due largely to the fact commissions in Massachusetts were only 12 percent maximum against 25 percent elsewhere. In Massachusetts, also, the mutuals have the advantage of lower taxes, said Miss O'Leary. Bureau expenses are lower here than elsewhere and claim investigations cost less in Massachusetts than in other states. Administration costs in Massachusetts figure 6.71 percent against 8.33 percent for the rest of the country.

Variation Only 1.6 Percent

On cross examination of Chief Examiner O'Leary, Judge Chase brought out that the companies' estimates on claims settled during the five year period 1932-1936, totalling \$79,524,510, were in error by \$1,289,279, or a variation of only some 1.6 percent.

Judge Chase brought out that in reporting of claims originating in the first five years under the compulsory act, the companies underestimated their claims in their first year estimates as compared with the final settlement figures in each of those first five years.

Emphasizing the difference in stock and mutual expense items, Judge Chase said the taxes accounted for 1.46 percent of the mutual expense ratio and 2.14 percent for the stock companies. Mutual field supervision was given as .39 percent against the stock company figures of 1.73 percent. Total stock expenses were 35.73 as compared with 25.12 percent for the mutuals.

Appearing in rebuttal, Manager W. N. Magoun of the rating bureau testified to an inadequacy caused through the commissioner's reduction factor on reserves of .9833 percent amounting, in the five year term, 1931 to 1935, to \$1,454,066. Statistician Scamman of the

bureau showed that, including the allowance of 2.5 percent for profit to stock companies, on the basis of \$119,752,586 in premiums over the five year period, with actual losses figured at \$79,524,910, and expenses of all companies at \$40,591,927, there was an inadequacy for all companies, mutuals included, of \$3,358,066. He admitted, however, that the experience for 1936 was favorable to the companies, with an adequacy in rates for that year.

Way Is Open in Illinois for Full Cover Policies

(CONTINUED FROM PAGE 25)

closures therefrom cannot be used against him in a prosecution. However, he does not obtain immunity for any offense that he has been guilty of, the only effects of the subpoena being that the evidence so produced cannot be produced against him. An agent who is summoned to produce his records would do well to await an official subpoena, because if he appears voluntarily, he does not get the immunity. In other words, if he appears voluntarily, his own records can be used in a prosecution.

Warranties Are Restricted

Policies must be filed and approved, and all general forms must be filed. However, "tailor made" forms to fit particular risks can be used without filing. The argument against filing every form was that if a skilled underwriter was compelled to file his forms, all the learning and judgment acquired by a lifetime of study would be made available to competitors. Surety bonds need not be filed.

Automobile rates must be filed on individual cars, but there appears to be room for some ingenuity on fleets.

Warranties on policies are somewhat restricted, and to be availed of, must be incorporated in the policy.

Attorney fees for claimants who win suits against insurance companies are now allowable up to 10 per cent, but they are allowed by the judge, not the jury. Furthermore, in case several policies are involved, and suit is brought on only one, the attorney fees in the one suit may be reduced to a pro rate of the entire amount of insurance, instead of being imposed on the company defending the test suit.

Cousins Sees New Relationship of Company, Agent

(CONTINUED FROM PAGE 5)

vidual manner to one whereunder group action prevails on both sides. For instance, he observed, today an agent can no longer make a contract with the company except with the permission of the other agents; a company cannot make a contract with an agent in many jurisdictions without the consent of other companies; contracts between the agent and his companies cannot be made without consent of the state; and when an agent makes a contract it is subjected to the scrutiny of other agents of other companies.

"These changes in the system which have come and those that will come are equally inevitable and irresistible," he declared. "They are not the machinations of persons with evil intent and unholy purpose, as some are prone to believe. I am not one to complain of actions of the companies as a group, nor agents as a group, with respect to any current problem. The situations beyond their control have inevitably dictated those actions and attitude. They could not be otherwise."

For instance, today there is a tendency on the part of large assured to deal direct with the company. This is a condition to be met, he declared, not

a theory to be discussed. It originates outside the business. Problems such as this must be solved in the only possible way. Irresistible pressure has shaped and will continue to shape the destiny of the agency system and its relation with the companies.

Mr. Cousins observed that the effort to subject agency commissions to public control is one of the significant and noticeable trends of the present and may be gathering strength as time goes on. Laws have been passed on the subject and others are proposed. Means are being sought by public officers to solve what has now come to be regarded as a public problem, the matter of the compensation to be paid by a company to one who renders it a service.

He referred to the uniform agency contract that the companies brought out recently and about which there has been so much discussion. As drawn, the agreement is merely an arrangement between two parties. It now turns out, he observed, that it is not and will not be merely a contract between two parties, but when finally acceptable to both it will be in essence a contract between two groups. "It far transcends the limit of personal affairs and is at once invested with a universal significance in which all are interested."

Finds 18 "Standard" Policies Required in U. S.

(CONTINUED FROM PAGE 6)

The coinsurance clause has evoked a great amount of restrictive legislation. In Iowa and Mississippi it is forbidden to attach such a clause to a fire policy and the clause is of no effect. In 12 states, Florida, Indiana, Kentucky, Louisiana, Michigan, Minnesota, Missouri, New Jersey, North Carolina, Texas, Virginia and Wisconsin, it is allowed only under rigid restrictions. In Michigan and Minnesota a request for the clause must be made in writing by the insured. In Florida, Louisiana and North Carolina the words "coinsurance contract" must be stamped on the face of the policy. In Indiana, Kentucky, Michigan, Missouri, New Jersey, Texas, Virginia and Wisconsin a reduction in rates must be given.

Statutes On Warranties

Statutes which prevent the avoidance of the policy for misrepresentation fall into two classes, (a) those in which the misrepresentation must have been material before it will void the policy as in Texas and Massachusetts; and (b) those in which the misrepresentation must contribute to the loss before the policy is void, as in Nebraska, Michigan, Missouri and Wisconsin. Texas provides that misrepresentation of either type will void the policy. A difference between the old and the new New York standard policy is in the changing of "if" to "while" in the exclusion.

N. Y. Assembly Committee in First Meet on Auto Cover

NEW YORK—The joint legislative committee to study automobile insurance held its first executive session here. The committee, according to its chairman, State Senator J. S. Berg, will consider relative merits of compulsory liability coverage and a state insurance fund.

A research staff of 115 persons will be employed to investigate automobile accidents, and particularly the number of injured failing to receive any compensation for their injuries. Public hearings will begin about Nov. 15.

McDonough at Columbus

J. C. McDonough, superintendent of agencies Massachusetts Indemnity, who has been on a tour of the company's agencies, was the guest of Arthur Hall, Columbus, O., general agent, who entertained him and about 20 agents of the company at a dinner.

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D. F. Broderick's Treatise on Collision Hits Dealers

(CONTINUED FROM PAGE 3)

dealers have taken full advantage of these conditions; the only difference between them is the degree to which they indulge in questionable practices."

He summarized his conclusions as to remedial steps, as follows:

Eliminate undesirable forms of coverage in whole or in part. Eliminate undesirable risks and improper losses and claims. Reduce amounts of excessive losses and claims. Eliminate the dealer padding evil to offset deductibles or discounts or for other purposes. Procure full dealer cooperation in the allowance of factory recommended discount. Secure competitive bids in connection with material damage involving losses and claims, to be made through reliable agencies only.

Reasons For Difference

Mr. Broderick stated that the collision experience on financed automobiles is less favorable than that on unencumbered cars. The reasons, he said, are the substantial difference in acquisition cost and higher loss cost in connection with financed cars.

It is not a simple matter to take care of the problem by increasing rates, he pointed out. Many difficulties were encountered in filing rates for the current year. Normally, he recalled, rates and supporting experience data are filed and approved in early spring. This year there was delay largely because of substantial increases in collision rates for which many state authorities demanded complete justification. As a result new rates did not become generally effective until midsummer. In one of the states, presumably Oklahoma, the recommended rate increase was not only denied, but a rate reduction was actually ordered.

Competitive Situation

Another consideration is that the stock companies cannot increase rates in order to absorb a high acquisition cost for finance business lest they become non-competitive on their regular business through local agency channels.

The local agent's influence is important. In one state, presumably Michigan, where rate increases were promulgated, the local agents protested against any rate increase which would widen the margin of cost between stock and non-stock insurance. As a result, the rate increases were withdrawn.

It is a serious mistake, he said, for the underwriters to offer or for producers to accept questionably attractive high commissions for finance business, "because such practices can only demoralize and destroy a healthy market which your ultimate and best interests demand be maintained."

Mr. Broderick mentioned the matter of adjusters. He pointed out that the adjuster is a direct employee of the insurance carrier and he should be selected and appointed only according to his competency and ability to do a good job. Frequently certain dealers and finance company field personnel agitate for substitution of adjusters on vague grounds of dissatisfaction. Most dealers who attempt to usurp the prerogatives of the underwriters and insist upon certain adjusters to replace those preferred by

the underwriters, are motivated by the fact not that they receive a higher type of loss and claim service, but that the dealer and not the adjuster fixes the damage and the dealer's idea of actual damage is too often exaggerated.

Inflated Repair Charges

The common practice of inflated repair charges, padded invoices, etc., are all reflected in higher loss cost. Dealers indulging in these practices are often aided by finance company representatives, knowingly or unknowingly. Sometimes they are aided by the incompetency and inefficiency of certain types of adjusters.

"It is common knowledge among the underwriters and their approved adjusters," Mr. Broderick said, "that many dealers and purchasers try to cheat in connection with losses either as to the entire loss, or padding of bills for parts and labor, overlapping labor charges, over-valuation, improper depreciation, covering up deductibles, and similar practices. Properly trained and alert adjusters frequently detect such cases, and when the dealer is caught, he complains and attempts to divert attention from his unfair practices by criticising the adjuster."

Probably the most effective remedy, according to Mr. Broderick, would be to require competitive bidding on repairs. Even aside from features of irregularity, there is much merit in the requirement of competitive bidding. Insofar as collision losses are concerned many important factors are involved which justify departure from former practice. The selling dealer may not be equipped to make the repairs through lack of equipment. He may not have facilities for doing body work. He may not have modern frame straightening equipment. Under these conditions the dealers get outside body companies to do the job and the dealer then charges an over-writing over and above the cost to him. This results in double charge.

Get Competitive Bids

Underwriters on non-financed business always obtain competitive bids and this is one reason why loss ratios on that class are lower. There is included in repair schedules recommended by the several manufacturers a fair, normal margin of profit, and when dealers find themselves in competition, they are entirely willing to sacrifice whatever portion of that profit might be reasonably necessary to meet such competition.

Where competition is not involved, and the dealer knows it, he uses factory parts price list which provides a substantial margin of profit and loads labor cost to the maximum with which he can get by.

Commercial Standard's Barbecue Festivity

DALLAS—The Commercial Standard scored a hit at the convention of the National Association of Insurance Agents by inviting the officials, committee chairmen and special guests to a barbecue at the country home of its president, A. Morgan Duke, midway between Dallas and Fort Worth, the latter being the company's home city, Sunday afternoon. Mr. Duke has a farm of over 100 acres. At the place where the people were entertained is a dance hall. In the ring, where some Negro moppets did some boxing, Mr. Duke, W. Owen Wilson, W. H. Bennett and R. H. McLarry, head of the Dallas Board, spoke. Mr. Duke is also president of the Gulf States Life of Dallas and spends part of each day at both offices. He was butressed at the barbecue by Vice-president J. R. Plummer, Treasurer R. L. Vasen, Assistant Secretaries C. O. Mansfield and R. C. Stewart and Assistant Treasurer R. E. Carpenter.

Viscount Knollys in U. S.

Viscount Knollys, managing director Employers Liability, is in Boston conferring with E. C. Stone, United States general manager and attorney.

Safety Questionnaire Sent to Long Haul Truckmen

A survey questionnaire has been sent by the safety section of the federal bureau of motor carriers to representative motor carriers in the country on the subject of motor vehicle speed control. Replies are solicited prior to Nov. 1.

The question is asked whether the motor carrier attempts in any way to limit the top speed of his vehicle. If so, he is requested to indicate by what means, whether by instructions to drivers, road inspectors, insurance company inspectors, maximum indicating speedometer, throttle, stop, engine governor, recording devices, runs controlled by schedules, check stations.

The motor carrier is asked whether it has discontinued the use of any method of speed control and if so why. If governors are used, the motor carrier is asked why they were installed and what the effect has been. If governors are used, the questionnaire asks what means have been developed to prevent tampering with them.

"Engine speed adequate for level road operation may be reduced by governors to a point where hill climbing ability is seriously affected in lower gear," one questionnaire commences. "In view of

this fact, do the maximum grades encountered in your radius of operation cause you to set governors for a higher speed than you would otherwise desire? If yes, how much higher in miles per hour?"

If governors are not used, the motor carrier is asked to state the reason.

For each of the past several years the motor carrier is asked to set down the total of all his power units, the total of his governor-controlled power units and the number of highway accidents fatal and otherwise.

Minnesotans at Nebraska Game

The insurance fraternity of Minnesota was well represented at the Minnesota-Nebraska game last Saturday at Lincoln. Among those present were J. W. Baker, Main & Baker, Minneapolis; W. H. Crouther and W. C. Cullen, Cullen & Crouther, Minneapolis; Henry C. Gunt-hunz, secretary Anchor Casualty, St. Paul; Archie Roch, agency superintendent Anchor Casualty; George Van Wagenen, state agent National Union, Minneapolis.

Guy Gardner, vice-president Merchants Fire of Denver, was on hand.

L. H. Hardman, 66, local agent at Versailles, O., for many years, died at Sidney, O.

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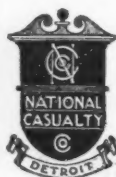
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Property Damage So Far This Year Shows Increase

Casualty Company Executives Regret to See the Trend in This Profitable Class

NEW YORK—Casualty companies are giving considerable attention to the property damage automobile claim ratio inasmuch as it seems to be on the increase and has given unmistakable evidence of an upward trend during the last two years. For the first seven months the combined figures would probably reveal a two-point advance in the claim ratio. This situation is not conducive to felicitation on the part of company officials. The property damage end of automobile insurance has always been a satisfying one because in spite of the mounting ratio of personal liability the disappointing figure was somewhat offset by the profit in the property damage. Hence companies found a degree of comfort in the combined liability and property damage figures because there was a chance to come out even and perhaps make a profit on most of the policyholders. Now, however, the property damage shows unquestionably a tendency to the higher reading.

Causes of the Increase

This may be due to a number of causes. In the first place there are more automobiles used as evidenced by the increased consumption of gasoline. Last winter was more or less of an open one throughout the country and automobiles were used more frequently. Then undoubtedly the liquor problem has something to do with it just as the same as in liability insurance. Furthermore the higher speed capacity of the cheaper cars is another factor that must be taken into account.

Another consideration that enters into the higher claim ratio is the streamlined modern make of car. This is quite evident in the cost of repairs. In days gone by a fender bent could be remedied without much difficulty. Now the fender may be part of the hood and the damage may mean therefore a far greater expense than shaping up the fender itself. The streamlined car is more expensive to repair. This is seen in almost all its mechanism. Then again automobilists may not carry collision insurance and even though the other car is not liable, one will endeavor

to stretch a point and claim there is liability in order to swing his repairs under the property damage coverage.

The 1936 auto property damage premiums for stock companies were \$55,770,172 and losses and adjustment expense \$25,281,806 with a loss ratio of 45.3 percent as compared with a ratio of 43.7 percent the year before. The mutual automobile property damage premiums were \$19,109,170, loss ratio 42.6 percent as compared with 38.7 percent the year before. The liability loss ratio for mutuals last year was 53.5 percent as compared to 56.8 percent the year before. Hence it is seen that the personal liability loss ratio was down somewhat last year, while the property damage ratio went up.

"Wrecking and Disablement"

Recovered for Monoxide Death on Theory Car Was Disabled When Gas Entered Its Body

An unusually liberal construction (from the assured's standpoint) of the "wrecking or disablement clause" of an automobile accident policy has been given by the Illinois appellate court, first district, in Coghlan, et al, vs. Federal Life.

Victoria Coghlan died of carbon monoxide poisoning. She was discovered seated in the car in the garage, the doors of which were open. The doors and windows of the car were closed, but the engine was not running. Federal Life insists that Mrs. Coghlan was not "riding in or driving in" the car at the time of the occurrence. It is conceded that the engine had been running and there was evidence that the assured had either been riding in the car or intended to ride in it.

The construction Federal Life puts upon the policy and its definition of the word "riding" are entirely too narrow, according to the court. The ignition of the car was on and there is every indication that the motor had been running and that the running of the motor caused the formation of the gas which caused her death. It is in evidence that there was a "disablement" in the car's mechanism which caused the gas to enter the body of the car.

Davis Goes to St. Louis

L. Gordon Davis, assistant casualty manager of the Travelers Dayton, O., office, will on Oct. 25 become assistant manager at St. Louis, succeeding B. W. Rouse, recently transferred to Chicago.

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Change Inevitable in Field of Auto Public Liability

(CONTINUED FROM PAGE 23)

perspective on the cost of insurance. The premium, he observed, seldom equals the amount of the gasoline tax. The public must be made to understand that premiums and accidents are inter-related.

He suggested that the possibilities of deductible insurance be investigated.

The English plan of an elaborate proposal or application and a simple policy might be introduced. "We are being forced gradually by statutes," he said, "to treat the occurrence of an accident as a determination of liability under all policies, irrespective of misrepresentation or of other misfeasance or malfeasance of the policyholder in his relationship to the company. We might frankly rely upon the statements in a more comprehensive application, and simplify the policy to that extent."

Abolish Unimportant Rules

He suggested that the manual rules be examined critically and every refinement in underwriting that is not of real importance be abolished.

Blanket coverage might be introduced, abolishing the distinction between bodily injury and property damage.

A permanent and continuous campaign of education is desirable. He observed that the insurance companies have nothing to conceal from the public. "Why not create in the public faith in the fairness and integrity of insurance?" he asked.

He suggested several means of creating an incentive in the policyholder to avoid accidents. Merit rating is a possibility. The main objections are that the cost of maintenance and operation of such a plan is prohibitive and the experience of a single individual is not sufficiently credible to form a sound rating basis.

Include Claim Penalty

He suggested that a claim penalty be included in the rate structure. If during the policy period no claim was made, a no claim bonus would be returned to the assured. An increasing bonus percentage for consecutive years of unblemished record might be used.

Insurance people should not be content until they have found some method of compensating the careful operator and penalizing the careless, he said.

Ultimately, the companies, he said, will be forced to modify the policy to provide the same protection to all injured persons which is provided to persons injured by an operator who has filed a certificate of financial responsibility. He said the company should recognize this trend and voluntarily assume a more altruistic interest in the injured person.

Occupational Rating Plan

The occupational rating plan, he said, has much to commend it.

The insurance business, he said, should have available for emergency use drafts of legislation for the various compulsory insurance plans that are being considered. "If we are to operate under such an act," he said, "it is much better to have an act expertly drafted than one drafted by a legislator without insurance experience. Preparedness will not hasten the arrival of such laws. Neither will ignoring the possibility retard their arrival."

Some believe that the company should offer, as an elective coverage, insurance for limited medical expense regardless of fault. Some favor inclusion of medical expenses for injuries suffered by the insured. The argument is made that if such insurance is available the demand for compensation irrespective of fault may be limited to medical expense. It might cut down the cost of guest cases.

The companies, he declared, should establish an underwriting research organization to study continuously all

phases of underwriting and constantly to simplify and improve underwriting concepts, rules and contract forms. It should keep a finger on the public pulse. It should conduct investigations abroad.

Committee Finds Undue Haste in Pittsburgh Case

(CONTINUED FROM PAGE 25)

the leasing and equipping of quarters for Affiliated Agencies, which relationship and obligation was known to the insurance company, and the cancellation of which general agency contract materially affected Affiliated Agencies, financially, and another party to the management contract known as Hoover & Diggs Company.

The committee finds that a large amount, perhaps 80 percent, of the stock of Johnston & Harder was at the time of the cancellation of the contract, for some time prior thereto, and at the present time, pledged to the insurance company and held by it as security for an indebtedness. So that in effect the equitable ownership and control of Johnston & Harder was and is vested in the insurance company.

Branch Office Started

The committee finds that on or about, or at the time the contract was canceled, the insurance company had opened and equipped in Pittsburgh a branch office for the obvious purpose of continuing such business as it could control, without interruption; that arrangements for this had been made prior to the notice of cancellation.

From the foregoing findings (which cover only a portion of the facts and circumstances surrounding the complaint, but which the committee believes is sufficient upon which to predicate its action) the committee concludes that the termination of the contract for the reason of the non-payment of October balances on the instant date upon which they were payable under the terms of the contract was not of itself, a fair, proper or equitable manner in which to terminate an agency contract; that had there been no other surrounding facts and circumstances such termination would be indefensible, after long years of relationship between company and agent; that the instant termination of the agency contract leaves the Affiliated Agencies carrying an expense liability without any apparent chance of recovering from Johnston & Harder its proportion of such liability; that in view of all the facts and circumstances surrounding the various transactions connected with the enterprise, this committee is unable to officially censure the insurance company as requested by the Fire Insurance Agents Association of Pittsburgh, but does express its regret that any insurance company should permit its relationship with its agent to become so involved and so unsatisfactory as to produce an instant separation that works harm to those having financial arrangements with such an agent.

At the luncheon given in honor of Wade Fetzner, president of W. A. Alexander & Co. of Chicago last week, a very gracious feature was calling Mrs. W. A. Alexander, wife of the founder of the agency which started in 1883, to the platform. Mrs. Alexander was escorted to the center of the table, by W. W. Rice, who was presiding and who is the largest producer of the Alexander agency. She may have sprung a surprise on Mr. Fetzner because she threw her arms around his neck and kissed him. Mr. Fetzner evidently was momentarily nonplussed, but he soon recovered. Mrs. Alexander was not in the least abashed. She spoke with the utmost ease and with a fine choice of English. Undoubtedly she must be accustomed to public speaking because there was not the slightest hesitation and she made one of the most clever addresses of the occasion.

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Reach Agreement on Contract Bond Commission Rate

(CONTINUED FROM PAGE 23)

cent. The compromise, he declared, represents a fair solution of a difficult problem.

The Washington office of the National association, Mr. Stewart reported, has been sending bulletins on contract bonds required by the Rural Electrification Administration to state associations, over \$35,000,000 in projects having been so reported. A number of states reported that they were able to capitalize on the advance information and consequently the service will be continued. Fidelity bonds covering officers and employees of these projects was discussed at a conference between the administration and the insurance companies, but unfortunately a representative of the National association was not present. The committee is faced with some inclination to centralize the business at Washington under a master contract, but is working to have these bonds placed through agents in the country where each project is performed.

Forms and rates are under consideration and Mr. Stewart hopes they will be announced by the Towner Rating Bureau in the near future.

Farm Administration in Mutuals

The Farm Security Administration now has a master bond covering officers and employees of its different projects in a mutual group. The Washington office of the National association, in connection with the surety committee and the Towner Rating Bureau has submitted a stock company bond for the approval of the administration. A further revision

of the rate is now being considered by the Towner Rating Bureau. Mr. Stewart stated that this must be accomplished before the stock companies can compete for this business.

Mr. Stewart closed his report with the

hope that the committee will be successful in getting the Secretary of Agriculture to rule that bonds required by the Farm Security Administration should be handled through local agents and not centralized in Washington.

O. K. UNLICENSED COMPANY BILL

(CONTINUED FROM PAGE 23)

you destroy the business of that company.

"Another provision of the proposed bill would make the policyholder attorney-in-fact for a non-admitted company for service of process, which is legally absurd," urged Mr. Hebert. "It is an empty gesture for a plaintiff to sue me as a policyholder in order to get judgment against a company. You can't reach the funds of the company unless you go to where the company is domiciled."

H. L. Drake, counsel Association of Casualty & Surety Executives, a member of the committee, said he would not care to go into the subject further. The bill comes within the decisions of the U. S. supreme court, he said.

The subject of unauthorized companies has been before bar committees for years, said Henry S. Moser of Chicago, vice-chairman of the committee, and all they have done is talk about the matter. He said he felt when he was appointed on the committee that it was his duty to divest himself of considerations of his clients and consider only the public welfare.

To Mr. Hebert's charge that the bill would make it impossible for an unauthorized company to adjust a policy in a state, Mr. Moser asked, "Shouldn't it be the duty of lawyers engaged in insurance practice who are members of the American Bar Association to protect a person from taking out insurance in an unauthorized company?" He explained that the bill provides that the director of insurance be appointed attorney-in-fact for service of process, not just any policyholder.

Payment of Loss

"If a policyholder buys a policy in a state in which the company is admitted, and then moves to a state where the company is not admitted, does the bill prohibit the company from going into the second state and adjusting the loss?" asked an attorney.

"No commissioner is going to punish a company or put unnecessary barriers in its way when it is trying to pay a loss," answered Mr. Moser.

Of the two model bills for release of surety without cause, which the surety committee of the insurance section has been working on several years, one was dropped by the conference of commissioners on uniform state laws, which met in Kansas City just prior to the American Bar Association convention. Prentiss E. Reeder, Kansas City, told the insurance section in his report as chairman of its fidelity and surety committee. This was the one dealing with public official bonds. The other, dealing with fiduciaries was considered by the conference of commissioners in three sessions. Amendments were made, and the bill finally was referred back to a special committee of the conference for a report next year.

Look to Next Year

Very few legislatures meet this year, anyway, Mr. Reeder pointed out, and it is the hope of the fidelity and surety committee that the conference will approve the fiduciary bill next year in time for submission to legislatures.

Supplementing his committee's formal report, which was published before the ABA convention, Mr. Reeder presented to the section a model bill that would require joint control by sureties. The more than 50 who attended the fidelity and surety round table discussed the proposed bill, and no opposition developed. The section approved the bill and the recommendations of Mr. Reeder

that steps be taken to secure its passage by various state legislatures.

Howard D. Brown of the Detroit Automobile Club Inter-Insurance Exchange, was elected chairman of the section, succeeding Jesse A. Miller of Des Moines. L. P. Kristeller of Newark was named vice-chairman, succeeding O. R. Beckwith, Aetna Life, and H. C. Spencer of Rochester, N. Y., was reelected secretary.

New council members elected are: P. E. Reeder, Kansas City, J. H. LaBrum, Philadelphia, Felix Hebert, Providence, R. I., and C. F. Robinson, Portland, Me. Judge Miller becomes an ex-officio member of the council.

Banquet Attended by 35

The section now has 2,521 members. The banquet was attended by 351.

Edwin W. Patterson, New York, chairman committee on qualification and regulation of insurance companies, suggested a round table at the convention next year on this subject.

A suggestion that probably will be carried out is that the committee devote a year to preparing a complete list of judicial decisions in cases involving suits against physicians and dentists.

One lawyer said he had defended many cases involving physicians and dentists, and that the great difficulty was not malpractice but cases of technical assault, in which an operation or treatment allegedly was unauthorized. Such cases go to the jury marked even more clearly as lay cases than those involving a malpractice issue, he said.

Lawyers and Physicians

Lawyers face the same thing as physicians and dentists, thinks Garrison Taggart of Grand Rapids, Mich. He related the incident of a suit against a physician involving a needle broken off in the flesh of the plaintiff. The lawyer for the plaintiff did not get the case to trial before the statute of limitations ran out, and the client threatened to sue him for malpractice.

"I have defended a number of malpractice cases involving doctors," said a Tulsa lawyer. "I have no difficulty with doctors of medicine testifying in connection with doctors of medicine, nor with chiropractors in connection with chiropractors, nor with osteopaths with osteopaths. But when members of one group testify in connection with members of another, then there is plenty of trouble. 'Where is the dividing line?'"

"That is just my point, exactly," replied Hugh Combs, vice-president U. S. F. & G., who had presented a paper on the subject. "There ought to be a dividing line between scientific and lay testimony."

M. B. Kennedy, Chicago attorney, presided as chairman of the casualty section.

Problems of compensation law administration largely occupied both the speakers and the discussion in the compensation round table over which C. F. Robinson of Portland presided.

Very little agreement as to handling of accrued liability was revealed. J. D. Dorsett of North Carolina suggested that a physical examination at the time of employment and then systematic and regular examinations more or less have solved the O. D. problem in North Carolina. He expressed the belief that prevention is the most important phase of the problem. The dusty trades offer the worst hazard, developing, as they do, silicosis and asbestosis. These should be covered in every compensation act, he urged. Of course, a competent and impartial medical arrange-

ment is essential, even though a board can administer an occupational disease law when composed of persons not medically trained.

Insurance Director Palmer of Illinois, in addressing the annual banquet at the convention of the American Bar Association, urged lawyers to revive the attempt made some 15 or 20 years ago to secure uniform insurance legislation in the various states.

"I know of no greater service which lawyers generally may render to the citizens than to do what they can to see to it that uniform insurance laws are enacted and properly administered," Mr. Palmer declared.

ASSOCIATIONS

Dual Nominations in Boston

BOSTON—The annual dinner meeting of the Association of Casualty Underwriters of Boston is being held Thursday evening. A double slate of nominees has been selected. For president members vote on Dewey Neese, Standard Accident, and John Flanders, Home Indemnity, to succeed Edmund Bouchie, Commercial Casualty; for vice-president, DeBlois Page, Jr., Ocean Accident, and R. H. Whittum, Hartford Accident; secretary, Philip Boody, Standard Accident, and George Flight, Great American Indemnity; treasurer, F. N. Douglas, Car and General, and E. S. Hawes, London Guarantee & Accident.

Crider Talks to Adjusters

Joseph Crider, local attorney, spoke at the meeting of the Insurance Adjusters' Association of Los Angeles, outlining proceedings of the recent convention of the State Bar Association. There was discussion of plans for the winter months and special educational work in which the association is interested.

Resume Los Angeles Meetings

The Casualty Association of Los Angeles resumed its regular meetings Oct. 1 with J. E. Joseph as chairman. General agents and managers, assistant managers and assistant general agents attended the meeting.

Hall's Indianapolis Meeting Concludes U. S. F. & G. Series

J. Dillard Hall, assistant agency director United States Fidelity & Guaranty, completed a series of meetings with the agents at various points in Indiana and Illinois with a session in Indianapolis attended by nearly 100 U. S. F. & G. men. Other cities in which meetings were held were Decatur, Ill., Fort Wayne, LaPorte and Vincennes, Ind. The same program was followed at each of the meetings, stressing the writing of fidelity bonds, burglary, and owners, landlords and tenants liability. The company feels that each of these lines offers unusual opportunities as business builders at the present time.

G. E. Ryan, underwriter in the Indianapolis branch, spoke there on burglary insurance, describing the coverages in the various contracts and giving instruction on how to use the manual and service the risks. Mr. Hall described in detail the "Graphic Insurance Audit" recently prepared for the use of U. S. F. & G. agents.

R. A. Foster and J. E. Messick, joint managers of the Indiana branch, participated in the program.

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POINTERS FOR LOCAL AGENTS

Finds Rate Equity in the Field of U. & O.

(This apology for certain phases of use and occupancy insurance that are commonly criticised was prepared by Frank G. Howard, superintendent special risk department of Northern of London at the New York head office.)

Perhaps no use and occupancy question occasions more inquiry to those who sell insurance than that involving the necessity of carrying "more insurance than can possibly be collected." If many of us have not given a satisfactory explanation to this seeming incongruity, can we be surprised that assured understand it even less? Surely we aim to sell only a comprehensible contract at an equitable price, so we should be ready to remove any feature which conflicts or provide explanation.

We find owners of plants whose complete physical destruction by fire is easily possible, raising the point that rehabilitation would require much less than one year and they offer the seemingly logical question of why use and occupancy values for premium production purposes must be based on one year when their loss, hence the responsibility of the company, could never be total.

Answer Should Be Ready

Is this so? Is it ethical for an insurer to collect premium on one basis and pay losses on another? If the situation as it exists can be justified, should not every insurance man prepare himself to meet any questions with a proper explanation?

Let us examine the subject. First, is it likely that any assured will suffer a total use and occupancy loss? It is extremely unlikely; even completely destroyed building, machinery and stock is probably replaceable in less than a year. Furthermore, even during the paying period, it is not probable that a maximum daily loss will be paid. Do not misunderstand this, the assured will be receiving full indemnity for loss actually suffered, for he will not be suffering loss from those items of expense which can be discontinued in a total physical loss. Very likely he will be collecting the maximum figure of net profits loss and such expenses as have to continue will also be fully indemnified, so he will be in as good a financial condition as if his fire had not been suffered. The assured realizes that he does not need a watchman, nor (this being a total physical loss), until some rebuilding is being done, does he need fire insurance; he has no plant maintenance costs; the foregoing are mentioned just to provide tangible examples.

Although enjoying the satisfaction of full indemnity, he may receive prodding from a perverse imp that tells him he is

not collecting under every item that he paid premium on; he promptly forgets that his insurance policy has fulfilled its purpose in providing him with full indemnity and he starts worrying because he has paid premium on which he collects no loss.

He makes inquiry as to what he would have collected in a partial loss, learns at once that if continuing plant operations earn a portion of the net profits, that cannot be a subject of indemnity because it is not lost. He also learns that his daily loss under fixed expenses could be more severe in a partial physical loss than in a total because fewer of the so-called fixed expenses can be discontinued. If he examines into the subject thoroughly he finally understands that loss under U. & O. does not necessarily parallel physical loss; either one can be more and the other one less. He also learns to his satisfaction that the correctly written use and occupancy policy adjusts itself after loss to any of the many circumstances unknown before the fire and he becomes reconciled to the inclusion of his full net profits and full continuing expenses. He has recognized that the primary purpose of the forms of U. & O. insurance sold and the items to be included in the cover and reckoned in arriving at the amount to be purchased, is to provide for payment of full indemnity (within the limits of the insurance) for loss of use for a day, a week, a year, or a longer period, any of which is a possible loss period.

Picking and Choosing

In these days of keen competition, business men are watching every item of cost; they are carefully studying such a subject as insurance so we find many of them reasoning out for themselves what is the fundamental purpose of insurance and asking themselves specifically "Shall we buy insurance to indemnify us for all losses large or small or shall we arrange to protect ourselves against catastrophes and stand small losses ourselves? Wherein lies some very deep thought. It is a fact that a relatively small loss very often entails adjusting expense equal to that of a large loss; assured have to pay for all manner of cost and many of them believe that insurance would be doing all that they want of it in providing for large losses. Applying this thought to use and occupancy, there seems to be disadvantage to the assured in the contribution forms which call for a high percentage of insurance to value, and a consequent temptation to purchase either per diem use and occupancy or to seek benefit from use and occupancy forms permitting a time factor of less than one year.

How must the agent advise such an

assured? How do we in the business view the protection we provide?

We believe that insurance, particularly stock company insurance, finds its greatest service in the removal of uncertainty, in the providing of insurance protection at a predetermined net cost. No chipping in by the assured for assessments, no wondering if a large dividend return will come from a huge original premium deposit to produce a reasonable net, no sharing any losses. Obviously all these items work contrary to certainty. We want our assured to have adequate insurance so written as to give unqualified promise that all losses under the contract will be indemnified. Only those assured who have suffered partly indemnified loss can get the full import of this.

Remove Element of Uncertainty

So when it comes to use and occupancy forms, we recommend the use of those that will best give protection and best remove for the assured the element of uncertainty of operations.

In connection with the per diem forms, there is no coinsurance clause and, whereas there is a stated limit for each business day's full shut down and proportionate for partial loss, there is nothing to prevent an assured from underestimating any items or leaving out an item when deciding on how much U. & O. insurance he is going to carry. He knows that whatever item is included at all must be included on an annual basis. But many an assured, after visualizing the kind of loss that he can suffer, decides that this expense and that can never last long after a loss. The only trouble is that assured usually guess wrong; they overlook for instance that partial losses can be harder on some items than total losses.

In some parts of the country, an assured who thinks that he can rehabilitate his plant in three months or six months, can have his use and occupancy so written. How unwise this is! Suppose a manufacturer bought a policy which promised to pay him his use and occupancy loss for not exceeding three months after the fire, based on his own estimate. Now suppose his plant burns in a conflagration as result of which labor and building materials are scarce. Do you think that he is going to accomplish his rebuilding in the expected period? Imagine a strike in the building industry tying up his rebuilding for six months or such a natural circumstance as bad weather occasioning delay!

All-Embracing Contract

These are the things that insurance tries to avoid; it prefers to give an all-embracing contract paying whatever loss is suffered either large or small, so it has provided contribution forms on an annual basis and for most assured they serve the best purpose. Of course the assured who can closely estimate his future operations, can benefit by per diem forms, but how many such exist?

The assured is still unconvinced on one point. He asks, "It is evident that

my factory can burn totally, but the likelihood of even 50 percent U. & O. loss is not nearly as evident. Should you not give me a much better rate on U. & O. as compared with property damage?"

He overlooks that whereas his plant is undoubtedly 100 percent physically subject, that is only the possibility; the probability indicates that he will suffer only partial losses. In favor of this there is the experience of hundreds of years that shows very few total losses and the largest number of losses running less than 10 percent. To back up the statistics there are the physical features, the better building, the greater understanding of hazards and fire prevention, highly perfected fire and police protection, all of which almost guarantee that there will be some salvage. If it were otherwise, present low insurance rates would not be possible. In physical losses the assured does not complain that this salvage goes to the credit of the insurance company. He is satisfied that he has received all that he is entitled to in full indemnity of loss suffered, so why should he not view U. & O. similarly?

Just one more point. U. & O. payments are not limited to one year. Whereas a total loss would exhaust the policy in that time, it is not impossible for a risk to suffer a partial loss extending for 18 months or two years; thus the mentioned salvage factor would in those cases be turned over to the assured.

The more one studies this subject, the more apparent it is that rate equity in U. & O. is an accomplished fact, that assured do get a square deal and that the seeming inequity of "full insurance with only partial loss possibility" amounts to nothing once the subject is understood.

Do you recall how, a few years ago, we smiled at the story of the assured who returned his expired policy because it had been of "no value" to him, he having suffered no fire? We could sometimes repeat it to advantage.

The U. & O. policy or any policy, earns its premium by the mere guarantee of indemnity for loss suffered. Actual payment of losses is purely incidental.

Questions and Answers

Question: I would like to have the United States address of the Accident & Casualty Insurance Co., whose home office is located in Winterthur, Switzerland.

Answer: The Accident & Casualty is located at 111 John Street, New York City.

* * *

Question: I read in your publication about the Casualty & Surety Reinsurance Company being organized and that T. W. Rucker is the main factor. Where can I get in touch with him?

Answer: For the time being you can address Mr. Rucker, care Seaboard Surety Company, 80 John street, New York City.

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FIRE INSURANCE NEWS BY STATES

MIDDLE WESTERN STATES

Ohio Local Agents' Program

Complete Schedule of Events for the Annual Convention to Be Held at Toledo, Oct. 26-27

Program for the annual meeting of the Ohio Association of Insurance Agents to be held at the Secor Hotel, Toledo, Oct. 26-27 is announced. There will be a golf tournament the afternoon of Oct. 25 and in the evening the directors will meet. The program is as follows:

Oct. 26, Morning

Convention opens.
Austin McElroy, vice-president, Columbus, presiding.
Address of welcome, Paul Shawan, president Toledo Association of Insurance Agents.
Response, W. E. Flickinger, Cleveland.
Address and discussion, The Development of Accident and Health Premiums in a Local Agency, Frank Mueller, Jr., Chicago, agency secretary Continental Casualty.
President's annual address, H. S. Martin, Toledo.
Luncheon for officers of local boards, C. O. Ransom, Cleveland, past president Insurance Board of Cleveland, presiding.
Luncheon of the Ohio Junior Association of Insurance Agents, S. T. Hilbert, East Liverpool, Ohio, president.

Afternoon

Discussion of new coverages in the field of inland marine insurance, led by E. D. Lawson, Chicago, manager western marine department Fireman's Fund. Special attention to "Personal Property Floaters."
Address, C. D. McVay, vice-president Ohio Farmers.
3:15 p. m. Simultaneous conferences:
(1) Rural Agents and Their Problems, P. W. Tribolet, Bellevue, presiding.
(2) The late developments in the surety field, L. Calvin Jones, Youngstown, presiding.
6:30 p. m. Annual get-together dinner.
Address, Count Ernesto Russo, Milan, Italy, "America as I Find It."

Oct. 27, Morning

8:30 a. m. Breakfast meeting. Problems brought to the insurance department. Raymond Rhoads and L. U. Jeffries of the department will conduct a question and answer discussion to which all agents are invited.
Executive session of the convention for a discussion of the financed automobile problem.
Address, R. W. Forshay, Anita, Ia., National association representative.
Luncheon meeting. Address by E. C. Lunt, vice-president Great American Indemnity.

Afternoon Session

Address, C. Stanley Stults, Hightstown, N. J., member executive committee National Association of Insurance Agents.
Simultaneous conferences:
(1) Rating Bureaus in the Municipalities of Ohio, R. A. Julian, Ohio Inspection Bureau.
(2) The Rural Agent and His Problems, a continuance of Tuesday's conference.
R. L. Bowen, superintendent of insurance.
Election and installation of officers.

Observes Silver Anniversary

ST. LOUIS. — General Insurors, of this city has announced a silver anniversary campaign, marking the agency's 25th year in business. The agency was founded Oct. 1, 1913, and from a small one-room concern it has expanded until now it occupies two floors and employs 150 persons. The members of the firm are: C. W. Buschman, E. M. Jennings, J. G. Meyer, C. J. Muckerman and L. H. Trout. Mr. Muckerman is also president of the St. Louis Fire & Marine.

Complete Wisconsin Card

Innovation at Oshkosh Convention Oct. 20-21 Will Be Session for the Rural Producer

MILWAUKEE—Following a visit to Oshkosh by H. A. Bird of Beaver Dam, president, and John Seidel of Milwaukee, secretary Wisconsin Association of Insurance Agents, to confer with the local committee on plans for the annual convention there Oct. 20-21, the executive committee met in Milwaukee to complete the program. Members of the Oshkosh local committee are F. Lee Conroy, chairman; Mrs. Myrtle B. West and C. W. Konrad.

A new feature will be a morning session the opening day devoted to a conference for rural agents, with Mr. Bird as chairman. The Wisconsin association during the year held a number of regional conferences to afford the smaller agent an opportunity to participate.

The first general session of the convention will be called after luncheon. The program is:

Wednesday Afternoon, Oct. 20

Convention called to order by President Bird.
Singing of America, led by W. B. Calhoun, Milwaukee.
Addresses of welcome, Mayor Wilchering of Oshkosh and F. L. Conroy, president Insurance Underwriters Association of Oshkosh.
Response, Conan Thornton, Fond du Lac.
Report of the administration, President Bird.
Report of the secretary, John G. Seidel.
Report of the national councillor, W. B. Calhoun.
Greetings from the National Association of Insurance Agents.
Address, State Fund Competition, G. F. Risley, special agent Great American.
Address, Agency Accounting, O. W. Belling, special representative Royal-Liverpool groups.
Address, Consumers Cooperatives, P. J. Slettedahl, editor "Northwest Insurance."
Forum, executive session for agents only.
Annual dinner with entertainment.

Thursday Morning, Oct. 21

Breakfast conference on the Business Development, led by Val Gottschalk, Milwaukee.
Address, Premium Financing, Henry Olson, Chicago, vice-president First Banc-credit Corporation.
Address, Casualty Insurance, Hal Rose, vice-president Continental Casualty.
Reports: National convention at Dallas, resolutions committee, nominating committee, election of officers, new business.
Buffet luncheon.

Ohio Fire Marshal's Problem

Faced with Financial Emergency, Rockwell Dismisses 33 Inspectors—Additional Revenue Is Being Sought

COLUMBUS, O.—Because of a lack of funds State Fire Marshal Rockwell has dismissed 33 field employees and declared in a statement that this may "have a tremendous bearing on the fire insurance rates on all insurable property in the state." He pointed out that while the state collects approximately \$120,000 a year from fire insurance companies and from restaurants and hotels for the support of the fire division's office, the legislature appropriated only about \$70,000 for this year's operations. There seems to be no way by which the division can obtain more funds unless the legislature in special session

makes an appropriation or the state board of control gives it an emergency allowance, both of which are being urged by a group of fire insurance men. The attorney-general, in an opinion rendered last week, holds that the proceeds of the tax levied for the support of the fire department are required to be placed to the credit of a special fund for the maintenance of the office of fire marshal until the end of the year for which such tax is required to be paid, at which time any unexpended balance in such fund may be transferred to the general fund of the state. The general assembly, he holds, has discretionary power to determine the amount of such revenues which shall be appropriated for the uses and purposes of the fire marshal and an action in mandamus to compel the legislature to appropriate more money would not avail. He holds that if the assembly does not appropriate for the department the entire proceeds of the tax there is no authority by which any part of the taxes may be refunded to the insurance companies which had been taxed for the purpose. The state fire marshal's office has been subjected to much criticism within the last few years prior to Judge Rockwell's appointment and even some state officials would not be averse to its being abolished. In some quarters it has been charged that it is merely a place where 50 politicians may find jobs, and that its work is really being done by local fire departments.

Fire insurance people are concerned in the matter. They respect Judge Rockwell and anticipated that a new deal would come under his administration. They are disappointed that he is faced with this obstacle.

Not all of the field employees that were dismissed were functioning as arson investigators. The department also handles inspections of some 12,000 eating places and 1,200 hotels. Some of those dismissed were hotel and restaurant inspectors.

Discrimination Prohibited on Non-Assessable Contracts

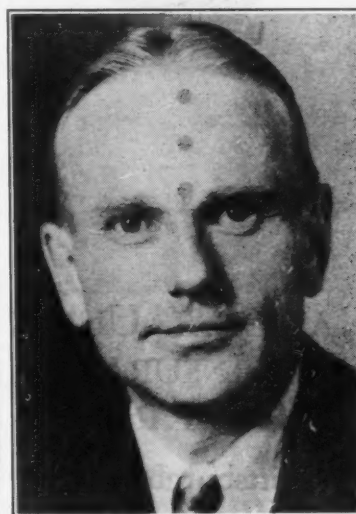
ST. PAUL.—Mutuals writing non-assessable contracts are prohibited from discriminating against Minnesota policyholders in a ruling issued by Commissioner Yetka of Minnesota. They are given 90 days in which to comply with his order.

"All domestic companies which issue a non-assessable contract in any other state must comply with the Minnesota statutes by establishing a guaranty fund as provided by law and issue a non-assessable contract in Minnesota, or if unable to so comply with the law, shall withdraw forthwith from such other states, territories or jurisdictions where in the issuance of an assessable policy is not permitted," said the commissioner. "All foreign companies which issue non-assessable contracts in any other state, territory or jurisdiction shall also issue non-assessable contracts in Minnesota provided such foreign companies can comply with the Minnesota laws relating to the issuance of policies without a contingent liability. If such compliance is not possible on the part of any such foreign company, then such company shall withdraw from Minnesota and refrain from issuing any policies in this state, or withdraw from and surrender its license in any state, territory or jurisdiction wherein such company is issuing non-assessable contracts."

Elevator Loss \$550,600

Loss estimated at about \$550,000 was caused by fire that attacked the Delmar elevator operated by the Archer-Daniels-Midland Company in Minneapolis. The line was carried in the Underwrit-

Heads Minnesota Agents' Executive Committee



A. B. CASWELL

A. B. Caswell, new chairman of the executive committee of the Minnesota Association of Insurance Agents, is manager of the insurance department of David P. Jones & Co. of Minneapolis and has been in the insurance business there for nearly 20 years. He served last year as president of the Minneapolis Underwriters Association.

ers Grain Association, the Charles W. Sexton agency of Minneapolis being the broker of record. The W. A. Alexander agency of Chicago also had an interest. The grain loss is estimated at about \$400,000 and the building loss at about \$145,000. The frame workhouse was destroyed and damage was also done to the concrete tanks and their contents. There was no use and occupancy or charges insurance involved.

This is the largest loss that the Grain Association has suffered for some time. Its losses in the past year or so include an elevator at Leavenworth, Kan., in July, 1936, one in Davenport, Ia., in March of this year and about three weeks ago damage estimated at \$10,000 was caused in an explosion in the Mid-Continent Concrete Elevator of Kansas City.

Name New Regional Officers

BEMIDJI, MINN.—At a second meeting this week the organization of the new regional agents' association in north central Minnesota was completed, with these officers: President, N. R. Johnson, Bemidji; vice-president, C. J. Elsenpeter, Walker; secretary-treasurer, Earl R. Hall, Cass Lake.

Change at Fairfield, Ill.

J. V. Lloyd, head of the J. J. Lloyd & Sons at Fairfield, Ill., has sold his agency to his brother, Burr H. Lloyd of Chicago, who is connected with the Sun Life of Montreal, and his sister, Mrs. Ruth Lloyd Stewart. Mrs. Stewart will be the active head of the office. J. V. Lloyd will probably enter field work if he can make a satisfactory connection.

Omaha Agents at Dallas

President J. J. Greenberg of the Omaha Association of Insurance Agents was the official representative of his organization at the Dallas convention of the National Association of Insurance Agents this week. He was buttressed by Arthur B. Dunbar, national execu-



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tive committeeman; C. A. Abrahamson, president National Association of Casualty & Surety Agents; Irvin Zerzan of the Omaha Insurance Agency and E. R. Heflin of Martin Brothers & Co. There was a large attendance at the first fall meeting. President Greenberg looks forward to a successful season as there are many problems to come up.

Changes in Cleveland Agencies

CLEVELAND.—Several changes in Cleveland agencies are announced. The agency of the late Belden Seymour, one of Cleveland's pioneer agents, is now under the management of M. H. Wilson, Jr., of Wilson, McBride & Co.

L. L. Hoffman, for a number of years a successful producer in the office of L. S. Asling, has been admitted to partnership and the agency will be conducted as Asling & Hoffman.

Davis & Dissette have become managers of the George H. Schryver & Co. agency following the recent death of Mr. Schryver.

Two Cleveland agencies have discontinued business, George L. Wanzer and the Prout Insurance Agency Company.

Lloyd Speaks at Elyria

John A. Lloyd, secretary Ohio Association of Insurance Agents, addressed the Lorain County Insurance Board at its monthly meeting at Elyria Wednesday.

Golf Tournament Toledo Feature

Everyone who registers at the annual convention of the Ohio Association of Insurance Agents in Toledo Oct. 25 will be eligible to play in the golf tournament, which is to be a feature of the convention. The tournament will be on a handicap basis. Fred Smith is chairman of the committee in charge. The Toledo association has donated a loving cup for the winner and other prizes also have been provided.

R. H. Gardner Succeeds Father

Richard H. Gardner has become president of the R. H. Gardner Insurance Agency, Columbus, O., to succeed his father, Earl H. Gardner, who died a few days ago. He has been in the insurance business two years and is the fourth generation of the family to carry on the agency.

Long Will Talk to Women

ST. PAUL.—H. L. Long, rate supervisor of the Minnesota department, will address the first fall dinner meeting of the St. Paul Association of Insurance Women Oct. 12.

Will Continue Saginaw Plan

SAGINAW, MICH.—The city will probably continue for another year the method for handling municipal insurance devised a year ago by the insurance committee of the city council and co-operating agents. Under the plan 85 percent of the business is divided among members of the Saginaw Association of Insurance Agents, roughly on a volume basis, and the remainder goes to non-association agencies. Douglas H. Nelson and Frost & Brooks are the "agents of record" for the association and non-association groups. Coverage on the new city hall is being expanded to cover furnishings.

Walter Schroeder Is Named

Walter Schroeder of the Chris Schroeder & Sons agency of Milwaukee has been appointed general agent for National Fire & Marine of New Jersey, which recently entered Wisconsin.

General Holds Iowa Meeting

Fifty Iowa agents of the First National and General of Seattle held a one-day sales meeting in Des Moines.

Speakers were Felix F. Kurz of Seattle, vice-president of the companies, and officials of the Northwest Underwriters of Chatfield, Minn., general agency for Iowa, Minnesota and North

and South Dakota, including H. P. Thurber, president; E. R. Syverson, vice-president; D. T. Lake, secretary; E. O. Thorson, office manager, and Fred Anderson, inspection engineer.

J. C. Dardis, Storm Lake, Ia., special agent, presented Mr. Kurz and Mr. Thurber \$1,200 in premiums on new paid-for business.

Hearing on Assessment

LANSING, MICH.—Assessment of the membership of the defunct Lapeer Farmers Mutual is being resisted vigorously but probably futilely at a hearing conducted in Ingham county circuit court here. An earlier attempt to levy an assessment was also contested

and eventually was invalidated by the state supreme court so the receiver, W. G. Simpson, is proceeding with the greatest care in the present instance, the current hearing being for the purpose of obtaining definite approval of Judge Leeland W. Carr who issued the receivership order.

Meet at Owatonna Oct. 19

The Southern Minnesota Agents Regional Association will meet at Owatonna Oct. 19.

Minneapolis Insurance Club

The first fall meeting of the Insurance Club of Minneapolis will be a luncheon session Oct. 11.

IN THE SOUTHERN STATES

Announce Oklahoma Speakers

Program Completed for Annual Meeting of Agents in Oklahoma City Oct. 18-19

OKLAHOMA CITY.—The program for the annual meeting of the Oklahoma Association of Insurers Oct. 18-19 at the Huckins hotel, Oklahoma City, has been completed. It will open with the report of Acting President John J. Moffatt, Muskogee.

H. P. Frantz of Enid will speak on "Virtue of Daring to Do," the report of the administration; T. Ray Phillips, state agent America Fore and chairman of the fire companies conference committee, on "Virtue of a United Front"; Manager J. D. Saint on the "Virtue of Pioneering For Instead of Bucking Against"; Col. R. F. Proctor, Association of Casualty & Surety Executives, on "Virtue of Expansion for Enlarged

Premium Income," which will cover the casualty and surety fields; George W. Kline, manager Fire Companies Adjustment Bureau, "Virtue of Fool Proof Contracts and Prompt and Equitable Adjustment and Settlement of Losses"; Ken Johnson of Alva, "The Virtue of Association Membership to Agents in Small Towns"; and Clifford Wetzell, Ponca City, "Virtue of Orderly Coextensive Exchange Town."

In the afternoon an executive session for member local agents and visiting agents will be held.

Review Business Development

The second morning the progress of the Business Development campaign will be reviewed by John A. Bosdett and Clarence Haskett, joint chairmen. Immediately afterwards, an executive meeting for members only will be held to complete business details of the convention.

Attendance prizes for the different sessions will be given by R. W. Drake

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& Co., Oklahoma City general agents; R. A. Eliassen of Corroon & Reynolds, and C. C. McKnight, general agent at Enid, Okla.

Changes in Texas Law Sought

Daniel Finds Inconsistencies in Present Insurance Statutes Which Require Correction

R. L. Daniel, chairman of the Texas board of insurance commissioners, in an annual report filed with Governor Allred, recommended that the insurance laws of Texas be rewritten for the purpose of eliminating many inconsistencies that exist. Laws passed from time to time frequently do not take into consideration laws already in existence, he said.

Chairman Daniel stated the agents' license law has created a new division by which charges of misconduct of agents and violation of the insurance laws of Texas are as vigorously investigated as a limited corps of investigators will permit. The last year 13,713 agents' licenses have been issued.

Chairman Daniel also commented that reports received from the companies over the state indicate that insurance written during 1937 will show a very decided increase over that of the last four or five years.

Alabama Agents Given 11 Million of State Insurance

MONTGOMERY, ALA.—The Alabama board of administration has placed \$11,040,825 of fire reinsurance for one year on state-owned and state insured buildings in Alabama with 110 agents throughout the state. Each agent received \$100,371, with premium of \$763.47.

Appraised value of all state-owned buildings is approximately \$40,000,000. On a 75 percent basis, required by the Alabama law, the total insurance to be carried on all state properties is approximately \$30,000,000. Aside from the \$11,040,825 reinsured, the insurance is carried in the state fund.

Of the \$1,000,000 insurance on the state capitol building and contents, only \$50,000 is carried in the state fund. The remaining \$950,000 was included in the total just awarded to agents.

A new item of insurance arose this year with the restoration of state-controlled liquor traffic in Alabama. There is about \$850,000 in stocks and fixtures in the state liquor stores of which about \$150,000 was reinsured, and the remainder handled by the fund.

Plan Oklahoma Rural Unit

OKLAHOMA CITY—Plans for organizing a rural agents' unit in cooperation with the national program are

announced by J. D. Saint, manager Oklahoma Association of Insurers. To launch this unit to better advantage, a special convention will be held the middle of November, which all rural agents of the state will be urged to attend. It is estimated that there are at least 250 rural agents operating in small towns and farm districts of Oklahoma who will be eligible for membership.

General Agents in Financing Plan

The Insurance Finance Company has been organized in Little Rock as a joint enterprise of a number of the general agents there. The incorporators are J. G. Leigh and J. K. Shepherd. Those named as agents for service are W. W. Leigh, J. M. Coates, F. M. Coates, J. R. Hampton and R. C. Bird.

The concern was organized for the main purpose of meeting competition in financing of insurance premiums only. The services and facilities of the company are open to any stock fire company or general agent, operating in the state, that may wish to subscribe to the service. At present, the concern will not finance automobile purchases.

May Increase Library Cover

RICHMOND—Thousands of irreplaceable books in the Virginia state library, valued at \$350,000, are insured for only \$30,000. The state library board has appointed a committee to work out plans for increasing the insurance. Most of the books are stored in a fireproof annex. Others cannot be stored there for lack of room.

Powell With Sloan & Co.

Douglas Powell has been appointed special agent for Sloan & Co., San Antonio general agents, in central Texas, with headquarters at Waco.

Licenses Issued in Florida

TALLAHASSEE, FLA.—During the license year ending Sept. 30, the Department has issued 4,032 licenses to agents of life and sick and funeral benefit companies, 8,757 licenses to agents of fire, casualty and surety companies and 309 licenses to solicitors for such agencies.

SOUTHERN NOTES

J. H. Chappell, local agent at Stockdale, Tex., was presented a 25-year service medal by R. E. Alstead, San Antonio special agent of the Home group.

Swantner & Gordon, Corpus Christi, Tex., local insurance agents, have bought the Gilbert & Stoltefoht agency and consolidated it with their agency.

George A. Tyler, formerly prominent local agent in Texas, died at his home in Houston. Until his health became poor he was a member of the agency of Houston & Tyler, which is now Houston, Bevan & Stevenson.

COAST

Lectures for Brokers

SAN FRANCISCO—J. H. Martin, assistant manager Standard Forms Bureau, started a series of three lectures on the standard fire policy and recent trends in the business to members of the Insurance Brokers Exchange Oct. 4. Mr. Martin's series will be followed by course on claims by Frank W. White, claims superintendent Fireman's Fund, starting Oct. 29.

Send "Bricks" to Agents

SAN FRANCISCO—The Edward Brown & Sons general agency, which recently purchased a handsome building

in the heart of the insurance and financial district at 432 California street, to which it will move this month, has prepared small replicas of bricks which it is sending to its representatives and which they in turn are to attach to new "dailies."

According to the notice sent out by A. M. Brown, senior member of the firm, these "brick" stickers are to be placed on a scale drawing of the building and will form a unique, permanent record of the friendliness and cooperation of the agency's representatives. The "brick" provides a space for the agent's name and that of the special agent.

Robert O'Dell, former secretary Birmingham Association of Insurance Agents, recently returned to Birmingham and joined the local agency of McConnell-White & Terry. For three years he was an officer with the C. C. C.

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National City Bank Building
DALLAS, TEXAS
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DETROIT, MICH.
Penobscot Building
HOUSTON, TEXAS
Shell Building
INDIANAPOLIS, IND.
Electric Building

KANSAS CITY, MO.
Fidelity Bank Building
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Tips OF THE MONTH

OCTOBER, 1937

● October weddings are becoming increasingly popular. And the alert local agent has marked on this month's calendar sheet, "Push Wedding Presents Insurance," for he knows the coverage offers him a real opportunity to add many lasting, profitable customers to his books.

● Don't consider your expiration notice as merely routine. Examine it through the critical eyes of the insurance-buying public. See if it has those elements which reduce loss of renewals and increase new business, personal influence, and friendly relations.

● Send your bills so that they will be received on the last day of the month. When a single bill comes in one the morning of the last day, the natural reaction is to pay it and get it out of the way prior to receiving a number of bills which are always expected the first day of the month. This suggestion is one of many in "Bringing in the Dollars," a book Boston and Old Colony agents use for their own profit.

● Cultivate the new-comers to your community. They are important prospects. Being strangers, they are more apt to welcome a friendly call, even though it is related to insurance selling.

● Look back. So far this year has your progress been satisfactory? Has your agency kept pace with competing agencies, with business in general? Have you taken full advantage of your opportunities? If your answer is, "Well—not as much as we would like," you need a plan. Without a plan, even the largest agencies may overlook opportunities for increasing premium income. And we have just the plan for a carefully selected group of agents. We are so confident in the merit of it that we believe you would be our agent for life if we could induce you to put it to work for your agency. It is described in our free booklet "Planned Progress." Write for it today.

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EASTERN STATES ACTIVITIES

W. J. Waldron Heads Mercer County (N. J.) Agents

TRENTON, N. J.—At the annual meeting of the Mercer County Agents Association, W. L. Waldron was elected president; C. F. Andrews, vice-president, and F. R. Zelly, secretary-treasurer. The members of the executive committee are S. M. Fell, C. Stanley Stults and J. R. Stricker.

William Turner has been appointed chairman of a special committee to make a drive for new members, which will start with a dinner Oct. 28.

Connecticut Agents' Meeting

The annual meeting of the Connecticut Association of Insurance Agents will be held at the Taft Hotel, New Haven, Oct. 28. L. T. Whelan of Greenwich is president and J. R. Belcher, New Haven, secretary.

This will be the third in a series of New England meetings. The New Hampshire agents meet at Manchester Oct. 26 and those of Massachusetts at Worcester Oct. 26-27.

Indorse Service Men's Movement

GREENFIELD, Mass.—The Franklin County Board, following a talk on the Service Men's Protective Association by W. C. Hill of Boston, field representative, adopted resolutions endorsing the movement and appointing a committee to sign up members in the new association.

Fleming Talks in Newark

NEWARK.—T. A. Fleming, conservation supervisor of the National Board, spoke to the Newark Kiwanis Club, pointing out the many ways in which the public can cooperate in reducing the loss of life and property.

Submit New Boston By-Laws

BOSTON—At the meeting of the Boston Board Oct. 13 the completed draft of a new constitution and by-laws will be submitted by a special commit-

tee. The new draft contains many radical changes in qualifications for membership and on dues. It is proposed to reduce the number of members, to have a \$500 membership fee and to increase the annual dues.

Plans of the newly organized Service Men's Protective Association will be explained by A. D. Cronin, Boston broker, and C. C. Hewitt, chairman of the board of the association.

Bergen County Annual Meeting

NEWARK—The annual dinner-meeting of the Bergen County Association of Insurance Agents will be held in Hackensack, N. J., Oct. 14. It is expected that Charles E. Meek, Jr., newly elected president of the New Jersey Association of Underwriters, and H. A. Faunce of Atlantic City, immediate past president, will be among the speakers. C. S. Fountain, president of the association, will preside.

Resume Pittsburgh School

PITTSBURGH.—The insurance school for agents and brokers inaugurated last spring by the activities committee of the Insurance Club of Pittsburgh with the cooperation of the Pittsburgh board of education will be resumed Oct. 21.

Applications are now being received by H. S. Bepler, vice-president of the club.

Pearce Talks to Credit Men

NEWARK—At the opening luncheon meeting of the insurance committee of the New Jersey Association of Credit Men, with Chairman Harold E. Taylor of the American of Newark, presiding, J. E. Pearce, superintendent Schedule Rating Office of New Jersey and chairman of the fire prevention committee of the Newark Safety Council, pointed out how closer cooperation of the two committees would result in real benefit to credit managers. He also outlined the new model fire prevention code.

T. A. Fleming of the National Board will speak at a dinner meeting here Oct. 19.

IN THE CANADIAN FIELD

Ontario Speakers Announced

Features Listed for Convention of Agents to Be Held in Toronto Oct. 14-15

TORONTO—Featured speakers at the convention of the Ontario Fire & Casualty & Insurance Agents Association, to be held at the Royal York Hotel here Oct. 14-15, will include Col. George A. Drew, prominent in Ontario public life, on "So This Is Russia," and H. D. McNairn, Ontario superintendent, whose subject has not yet been announced. These speakers will be at the Thursday and Friday luncheons respectively. Speaker arrangements for the Thursday evening banquet have not yet been made. The convention will hear reports on membership, agents' qualifications, advertising, credit and free insurance, fire prevention, and accident prevention, and R. J. Wickham, chairman of the Canadian Federation of Insurance Agents, will report on the development of that organization. President S. O. Mason will preside.

Non-resident Agents Writing Must Be Licensed in Ontario

TORONTO—Superintendent McNairn has issued a ruling that non-resident agents writing risks situated in

Ontario must be licensed in the province and no insurance company, agent or broker can pay commissions to any unlicensed non-resident agent or broker placing business on Ontario risks. In issuing the statement Mr. McNairn said that the licensing requirements for extra-territorial agents were discussed at the conference of the Canadian insurance superintendents in Toronto. It was held that extra-territorial agents should be licensed in all provinces where the business they write is located.

The particular case considered was of an agent located at the head office of a finance company in Ontario, who was writing policies on financed automobiles located in several provinces. It was held that such an agent must be licensed in all the provinces.

Revision of Ontario's Loss Classification to Be Studied

TORONTO—Revision in Ontario's fire insurance loss classification was considered at a special meeting called by Superintendent McNairn this week. Since the present classifications based on the National Board's standards were included in the province insurance act, the board has materially changed the basis of its classification. Insurance authorities feel that there is much information which might be of value from a statistical angle, and from the fire marshal's viewpoint, which is not now being dis-

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closed. A more suitable break-up of loss classifications with a possibility that additional items may be included will be considered at the conference.

Reelect Vancouver Officers

VANCOUVER, B. C.—At the annual meeting of the Vancouver Insurance Agents Association here the principal officers were reelected. They are: A. H. Garvin, Royal Agencies, president; J. T. Armstrong, Armstrong & Laing, vice-president, and G. L. Schetky, secretary-treasurer. Mr. Armstrong was named to the provincial advisory council.

Lafrance Pledges Enforcement

In his first public appearance as insurance superintendent of Quebec, G. R. Lafrance pledged action by the insurance department protecting the public against rebating, twisting and switching.

Superintendents' Report Out

TORONTO.—Considerable progress towards improvement in insurance legislation was made at the annual meeting of the Association of Superintendents of Insurance of Canada, according to the

official digest of proceedings issued by Secretary H. D. McNairn, Ontario superintendent.

Montreal Institute Lectures

MONTREAL—Regular weekly lectures on fire insurance will be supplemented by extra occasional meetings this year, and the same procedure will be followed with casualty training, it is announced by the Insurance Institute of Montreal. At the first meeting on fire insurance Oct. 4, J. D. Cherry spoke on "History and Principles of Fire Insurance." The casualty series opened Oct. 5, when A. O. Chandler talked on "General Public Liability."

Garrett Criticizes Companies

TORONTO.—Criticism of over-competition is expressed by H. G. Garrett, British Columbia superintendent of insurance, in his annual report. There is lack of publicity and an unwillingness to meet public demand, he said. He criticizes the dropping of the no-claims bonus on automobile policies when the rates were advanced last spring. The plan was not given a sufficient trial, he said.

Sullivan, manager Marine Office of America, presiding in his capacity of skipper. A business session was held and plans were discussed for future meetings. Sentiment developed in favor of holding a party during the holiday season, to include the wives, and the entertainment committee was instructed to make some inquiries and report at the November meeting. P. J. Leen, Fireman's Fund, was appointed acting yeoman, (secretary) until the annual meeting in March. That position was held by P. A. Fitzpatrick, who recently joined the Home in St. Louis.

Welcome Mankin on Coast

SAN FRANCISCO—Howard E. Mankin, manager of the recently established inland marine and all-risks department of the Pacific National Fire, was welcomed by executives of that company and prominent brokers of San Francisco at a luncheon. The only address was by S. H. Beckett, deputy

California commissioner, who extended official greetings. Among the company executives present were W. L. Wallace and Elmer Bonstin, vice-presidents, and R. J. Mayle, secretary. President F. N. Belgrano, Jr., is in New York on company business.

Mapes on North Dakota Trip

A. P. Mapes of Chicago, inland marine special agent of the America Fore, has been in North Dakota the past week visiting agents in Devils Lake, Jamestown and Fargo with W. F. Halverson, state agent.

War Risks on Land Taboo

Agreement to cease writing war risks on land has been reached by about 300 insurance companies of all nationalities. Negotiations to this end have been under way for several months. The final action, according to the announcement, was hastened by the Japanese bombard-

MARINE INSURANCE NEWS

Mutuals Are Now Developing Large Inland Marine Volume

Inland marine business of the mutual companies has shown a marked growth, increasing from \$11,000 in 1931 to \$572,000 in 1936 and estimates show it will be between \$900,000 and \$1,000,000 in 1937. These figures were given by T. L. Osborn, Jr., of the National Retailers Mutual inland marine department, in a talk to the annual meeting of the Federation of Mutual Fire Insurance Companies at Grand Rapids.

There is a marked demand for broader coverages, which is stimulating to the inland marine forms. Mr. Osborn told of the formation of the Mutual Marine Conference by the mutual companies, which is similar to the Inland Marine Underwriters Association of the stock companies. The inland marine forms which have attracted the most attention in the past year are the new trailer contents forms, the broad form personal effects policy and the personal property floater. The latter is the most important single influence on the field and several new variations have been developed. The modified form with a \$25 instead of a \$50 premium had a disappointing sale. Instead of it being an all risk form, it is a graded peril policy which reduces coverage on jewelry and furs, and contains other restrictions. Mr. Osborn said that the elimination of the all risk feature is probably largely responsible for the small demand.

Mr. Osborn commented on the retention plan of discounting the regular

premium 25 percent and having the assured pay 75 percent of the balance, retaining 25 percent until a loss is reported, at which time he has to pay the additional premium and from that time has full coverage. It was decided by the conference committee that the idea was excellent for policies with premiums of \$200 or more but if the actual retention is less than \$35 or \$40, the plan has the effect of reducing the premium without escaping an appreciable number of losses. Mr. Osborn said the permission granted casualty companies to write personal property floaters in Illinois may affect marine business.

Lynch Heads New Office

The Marine Office of America and S. D. McComb & Co. announce the opening of a service office in the Caledonian building in Hartford.

Thomas L. Lynch will be in charge and will have as his territory Connecticut and western Massachusetts. Mr. Lynch was formerly in Boston for the Marine Office, in which position he was succeeded by Walter R. Hussey.

The opening of the Hartford office follows the recent announcement of the appointment of S. D. McComb & Co. as United States marine managers of the Caledonian, and it will serve the agents of that company as well as those of the Marine Office group.

Mariners Open Season

The first fall meeting of the Mariners, Chicago organization of marine men, was held Monday evening with R. D.

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No. 16

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ments of Chinese cities. Such insurance is little more than a gamble, the executives agreed.

Appleton & Cox in Pittsburgh

Appleton & Cox is opening a service office in the Magee building, Pittsburgh, under Frank Reisz, state agent. Mr. Reisz formerly handled New Jersey. His place there will be taken by R. G. Shepard.

Takes Southeast Marine Field

ATLANTA—Manager E. S. Waggoner announces the appointment of W.

E. Sullivan, special agent of the Star, as special agent of its marine department in the southeast, covering Georgia, Florida, Alabama and Mississippi with headquarters in the Hurt building, Atlanta.

Menner on Coast Visit

L. B. Menner, inland marine field superintendent Millers National, is on an agency trip and will visit the general agency offices of Ensign-Kenning Company at Salt Lake City, and Boise, also the Los Angeles office of H. M. Dinsmore, California general agency.

MOTOR

Michigan Collision Rates Peacefully Introduced

LANSING, MICH.—An increase in automobile collision rates has been made effective in Michigan as of Oct. 1. Agents received the new advisory schedule from the Michigan Inspection Bureau and, it is understood, there will be no protest such as followed the notification last May of a flat 25 percent increase for all classifications and territories. The earlier increase, which was generally disregarded and was the subject of meetings by organized agency groups, had been decreed without consultation of agents but the present boost in rates, considered moderate in view of experience, followed a conference of the company rate-makers with the automobile committee of the Michigan Association of Insurance Agents.

The new rates show some variation for the four territorial classifications, the Detroit territory shouldering the greatest boost. The new schedule, also, marks a return to the 50-50 initial premium under the so-called retention plan rather than the 40-60 basis. Thus initial premiums are increased considerably while the retention premium, paid only in event of loss, are reduced.

\$600 Classification Changes

Typical of the changes are those for cars in the \$600 list price classification which, for the four territories, are:

Detroit—Collision only, initial premium increased from \$24 to \$31, retention reduced from \$36 to \$31; complete coverage, including initial premium, increased from \$33.85 to \$37.45.

Grand Rapids, Flint and Detroit suburban—Collision only, initial premium, increased from \$20 to \$25.50, retention reduced from \$30 to \$25.50; complete coverage (Grand Rapids only) \$25.85 to \$28.70; (Flint only) \$26.60 to \$29.45.

Lansing territory—Collision only, initial premium, increased from \$14.50 to \$20.50, retention reduced from \$21.50 to \$20.50; complete coverage, from \$21.15 to \$24.70. (Rate for Pontiac only from \$21.95 to \$25.45.)

Country territory—Collision only, initial premium, increased from \$12 to \$17, retention reduced from \$18 to \$17; complete coverage, from \$19.05 to \$21.90.

Increases are made in all forms of deductible collision, the boost averaging about 20 percent. The increases in all collision coverages are approximately the same in percentages for all price classifications.

Voice for Agents in Management is Asked by Bennett

(CONTINUED FROM PAGE 5)

the part of company management, but it has always been insisted that the rights of invested capital and stock company corporations must ever remain supreme.

The U. S. Supreme Court, Mr. Bennett pointed out, has held laws recognizing collective bargaining constitutional and the rights conferred by these laws enforceable. Although the masses of employees in the automobile, steel, mining or railroad business, have and use this right, it is denied to the army of insurance agents. As independent contractors, their situation should be better than that of employees. "An unlimited power of a corporation over a person with which it does business involves necessarily the power to destroy that person. The power to destroy is inherently un-American, immoral and illegal. I speak only of the power, not the desire, nor the practice."

Cites Companies' Attitude

The companies, Mr. Bennett charged, have changed their attitude toward the status of agents as it best served their advantage. During the negotiations for the proposed insurance agents code under the NRA, the companies maintained vigorously that insurance agents were employees and had no right to assume any independent character. When a payroll tax was levied on employers, the insurance companies stamped to declare that agents are not employees, but independent contractors.

Proposed Agency Contract

Although he did not refer to it specifically, it was evident that the new agency contract offered by leading fire and casualty companies as a result of the social security act loomed large in Mr. Bennett's mind. He has repeatedly attacked this contract, specifically because it fails to define a number of rights of the agent and generally because it was drawn up without consulting the agents. Members of the National association were requested not to sign new contracts until after the Dallas convention and the majority of members have observed this request. With this thought, Mr. Bennett called for "a greater responsibility on the part of company management regarding contracts entered into with an insurance agent as one to be definitely and strictly observed without change, except by agreement of both parties. The business of insurance would be much better served if a standard agency contract were created, universal throughout the land in its general terms, which should recognize reasonable local rules and contain provisions to observe and abide by the acknowledgment of ethical practices."

Forms as Well as Commissions

The bargaining power, Mr. Bennett reiterated, should apply not only to commissions and other aspects of agency relations, but also to forms of coverage. Such power is essential to the preservation of the agency system, on which the public depends for modern, correct and comprehensive insurance protection.

The demand for full recognition is not impossible of fulfillment, but it will require solidarity of action on the part of the membership of the National association and its component state units. The National association must be the last and not the first line of defense. "This extensive cooperation," he said in conclusion, "can only be accounted for on the theory that the national body is really engaged in supporting principles that are right and in opposing practices that are wrong. So long as this remains its lodestar, it will continue to command the respect and admiration of the friends of insurance everywhere. Its knowledge becomes power in direct proportion to the proper dynamic application of it."

Agents Committee Reports Discuss Varied Activities

(CONTINUED FROM PAGE 5)

farm tenant act and the Wagner-Stegall housing bill are expected to produce a substantial volume of insurance and bonds. The Hobbs bill, denying the use of the mails to unauthorized insurance carriers, was reintroduced, but little was done about it. The crop insurance bill, Senator O'Mahoney's bill to license federal corporations and Congressman Fernandez' bill to bring marine companies, agents and brokers under the jurisdiction of the Interstate Commerce Commission, have been held over until the next session.

Mr. Midyette also reported that the regional system proposed by the legislative committee at Pittsburgh last year has been put in force. The United States has been divided into 12 regions of four states each, with a regional chairman for each group and a chairman for each state. The lack of attention given by Congress to bills affecting insurance made it unnecessary to call upon the regional groups during the past year, but they will be available for assistance in approaching members of Congress directly whenever occasion arises.

CASUALTY REPORT

A conference agreement to which all stock casualty companies, members of the bureau and otherwise, would be invited to subscribe, was recommended by the casualty organization committee, under the chairmanship of L. C. Hilgemann, Milwaukee. This agreement would embrace agency and brokerage appointments, acquisition cost, particularly as regards commission payments by production branch offices, and elimination of part time agents. The drawing up of this agreement and negotiations with the casualty companies to subscribe would be a matter for the executive committee of the National association.

The matter of local board rules, Mr. Hilgemann reported, must be solved by each organization according to existing conditions. He recommended against drawing up model casualty board rules and bylaws, on the ground that the situation is not uniform throughout the country and the National association already has available model minimum rules and regulations for combined fire and casualty boards, which can be altered or augmented as necessary. He ascribed this situation to the newness of the casualty business, its comparative freedom from state regulation, the dearth of organizations of casualty field men and the complexity of the business, which has resulted in fewer policy writing agents than in the fire field. He estimated that approximately 60 percent of the so-called licensed casualty agents are in fact only solicitors or brokers reporting to some office for supervision.

STANDARD POLICY

Hope for the approval of a revised standard fire insurance policy at the December meeting of the National Convention of Insurance Commissioners was expressed by L. M. Drake, Chicago, chairman standard fire policy revision committee. If it should be approved, Mr. Drake urged all agents to get behind the revised policy to secure its adoption nationwide, pointing out that a simplified standard policy is needed, but must be in use in at least a majority of states, if not all, to accomplish much good. With a few exceptions, the majority of state associations agreed that there is need for revision and particularly simplification of the policy. The local agents committee has recommended to Superintendent Pink of New York, who is chairman of the special committee of the commissioners association on this subject, that the fallen building

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fense trial work.

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it if you will men-
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TIONAL UNDER-
WRITER when
writing advertisers.

clause, the clause pertaining to destruc-
tion of a building by order of civil au-
thority, the explosion clause and the
clauses regarding other insurance, re-
pairs and operations beyond 10 p.m. be
eliminated. Incorporation of the word
"lightning" in the insuring clause im-
mediately after the word "fire" was also
recommended.

PUBLICITY

A central advertising office, to feature
insured catastrophes and to publicize the
services of qualified agents, was advo-
cated by Albert Dodge, Buffalo, chair-
man publicity and education committee,
in his report. His plan would feature
local advertising on all insured fires or
accidents which are worth local publicity,
and national advertising if they attract
widespread attention. Disasters of im-
portance to a certain industry would also
be advertised in the trade journals of
that industry. The way in which an
agent saved the interested parties from
loss would be featured and the advertis-
ing would bring editorial cooperation,
according to Mr. Dodge. National radio
hookups would be used for unusually im-
portant events. To finance the plan,
Mr. Dodge suggested an assessment of
one-tenth of 1 percent of all premiums
written by brokers or agents originating
business and two-tenths of 1 percent by
the companies. The plan involves set-
ting up a national headquarters, with a
research bureau. This headquarters
would also engage in the preparation of
educational booklets, direct mail work
to agents and assured and advertising
assistance to individual agents or local
associations.

Combat Adverse Advertising

Mr. Dodge pointed out the amount
of money which is being spent now by
nonagency insurers in advising assured
to write direct and save the producer's
commission. He commented approv-
ingly on the action of the stock fire com-
panies in advertising the value of agents.
Agents, individually and through local
boards, spend, he estimated, over \$1,-
000,000 a year on advertising. The fact
that stock companies use practically no
newspaper advertising may have some-
thing to do with the small amount of
favorable comment which they and their
agents receive in daily columns.

Along educational lines, Mr. Dodge
mentioned the short course carried on
by the Florida association at Camp
Roosevelt last year and the activities of
the Insurance Club of Pittsburgh. He
recommended that the National associa-
tion prepare a plan of education along

uniform lines so that organizations tak-
ing up educational work may have an
orderly and systematic model to follow.

FINANCE

W. H. Menn, Los Angeles, chairman
finance committee, explained the new
graded allocation plan of dues and gave
an encouraging report on the finances.
It has always operated within its in-
come and during the past year receipts
exceeded expenditures by \$2,849. Un-
paid current state balances were ex-
tremely low and past unpaid balances
have been sharply reduced.

The new allocation plan, which divides
states into seven classes, depending upon
the premium income, puts the per capita
dues on a sliding scale running from
\$2.50 to \$6. It makes coextensive mem-
bership between the state and the Na-
tional association compulsory. The ob-
ject of the plan is not only to make
membership more attractive to rural
agents, but also to enable state associa-
tions in areas where there is not the
opportunity to conduct large agencies to
have a reasonable amount of the dues
left over after paying the National as-
sociation allocation and thus build up
a working surplus.

MEMBERSHIP

Membership of the National associa-
tion has reached the all time peak of
13,563, reported John K. Boyce, Ama-
rillo, Tex., chairman membership com-
mittee. This represents an increase of
711 over last year's peak. The agency
members comprise 67,815 individual
licensed producers. Membership reached
a high point in 1931, then declined in
depression years. The tide turned in
1934 and by 1936 the membership had
reached another peak, only to be sur-
passed this year.

A further increase in members is an-
ticipated during the coming year be-
cause of the activities of the rural agents
committee and the adoption of the new
allocation plan for dues. Both of these
movements are aimed at making mem-
bership attractive to agents in smaller
communities and at the same time mak-
ing it easier for state associations to se-
cure co-extensive affiliation with the Na-
tional association for all its members.

Nationwide membership drives have
been conducted for a period of a week
during each of the last two years. Re-
sults have been satisfactory in states
where the local committees have been
on the job. Mr. Boyce recommended
two nationwide drives of one week each
during the coming year, one in the fall

and one in the spring, each to be pre-
ceded by an intensive educational cam-
paign.

**"Sounding the Alarm" Is
Being Exhibited in Chicago**

A new mechanical action display for
use in cooperation with department
stores and telephone companies has been
announced by the Automobile and the
Standard Fire of Hartford.

Known as "Sounding the Alarm," the
display is three dimensional and shows a
residence in flames. A series of trans-
lite inserts picture the successive steps to
be employed in reporting a fire quickly
and efficiently. The complete display
measures approximately eight feet long,
four feet wide, and six feet high, and
has a demountable base for adjusting
to conform to the size of exhibit space.

An optional horizontal unit illus-
trates by means of miniature automo-
biles and streets the ways in which mo-
torists may cooperate with the fireman
so as not to hinder him in his race to a
fire. It is being exhibited for the first
time at the Fair Store, Chicago, during
National Fire Prevention Week.


**A CASTLE
of Comfort
in DETROIT**

**BARLUM
HOTEL**

CADILLAC SQUARE
AND BATES STREET

**810
OUTSIDE
ROOMS
\$2.50
FROM
DAILY**

ALL WITH
BATH



**INSURANCE MEN
TAKE NO RISK...**

*Coming
and
Going*

**IT'S HOTEL
Gibson**

H. FULLER STEVENS,
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**1000 ROOMS \$2.50
WITH BATH FROM 2.**

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Los Angeles •**

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You'll enjoy your Los Angeles visit
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and pleasure center, with a luxury
and a comfort that will surely please
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beds, large rooms with lux-
urious fittings.
- Unsurpassed service and
luxury are yours at amaz-
ingly low cost.

**from \$2.50
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WHETHER it be a single room (as above) or an elaborate suite, you will find Hollenden guest rooms modern and up-to-the-minute in decorations, equipment and furnishings. We are completing a modernizing program which make Hollenden guest rooms as fine as any to be found in Cleveland. The location is ideal, the service excellent, the food of the best and the prices moderate. Select the Hollenden on your next trip to Cleveland.

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KARL EITEL
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ROOMS \$2.50 UP
WITH BATH \$3.50 UP
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**MORE
FOR YOUR MONEY
AT THE
HOTEL
NICOLLET**



HOTEL NICOLLET

MINNEAPOLIS

Neil R. Messick, Mgr.

National Hotel Management Co., Inc. Ralph Hitz, President

St. Louis Parley Friday May Bring Solution

(CONTINUED FROM PAGE 4)

companies are left with practically no producing plant. The Union of Canton is an illustration.

"We have been informed by four companies still out of the board in St. Louis that they have scheduled a conference in St. Louis for Friday and that they hope at that time to terminate all the difficulties which have kept them from making a public declaration before this. We also understand that considerable pressure has been brought to bear on these and other companies in the way of volume of premiums nationwide to influence their course in St. Louis. We have reason to believe, however, that loyalty to the American Agency System will overcome this pressure. We are confident, furthermore, that the seed planted at this convention will very shortly bring forth into full bloom a greater loyalty to the local agency system on the part of both agents and companies."

Despite rumors that the Home had suspended the Case, Thomas & Marsh agency of St. Louis, Ivan Escott, vice-president of the Home, in Dallas said that action had not been taken and that the Home's status in St. Louis is unchanged.

LAST MINUTE ACTION

ST. LOUIS—The St. Louis delegation to the meeting of the National Association of Insurance Agents consists of A. F. Felker; L. E. Bright, Lawton-Byrne-Bruner agency, and W. C. Ploeser, Ploeser-Moseley-Watts, both members of the association's executive committee, and J. W. Rodger, secretary of the organization.

Prior to their departure it was learned that several important company fleets had made a last minute decision to come into the fold and drop all local agents who are not members of the St. Louis board.

If this happens it will pave the way for several important agents, notably the Charles L. Crane office, previously dropped from membership, to file applications for readmission.

It is taken for granted that Marsh & McLennan will have to operate non-board if they continue to maintain an active agency in St. Louis.

Debits and Credits Are Summed Up in Year's Entry

(CONTINUED FROM PAGE 3)

istration denies all responsibility in such cases. Accordingly, Mr. Wilson declared that it is up to the members to keep in touch with local conditions and to check activities of this nature before they are fairly started.

While comparatively few bills affecting insurance were passed, it was a difficult legislative year and required constant attention on the part of representatives of the National association. In many states there was much pressure on compulsory automobile liability laws. Although none were adopted this year, Mr. Wilson maintained that the only way in which they can be eventually warded off is through a tightening up of financial responsibility laws and more rigid enforcement of traffic regulations.

Particularly dangerous, according to Mr. Wilson, was the law introduced in New York state which would have delegated authority to the rating bureau to regulate commissions. While unsuccessful, this indicates a dangerous trend which must be checked. The National association has always maintained that legislation of this type is an invasion of

the right of private contract and should be fought by members everywhere.

Koeckert Speech Quoted

Quoting from the speech of F. W. Koeckert, United States manager Commercial Union, who as president of the National Board addressed the Pittsburgh convention last year, Mr. Wilson declared that his declarations of partnership in the business of insurance have been completely repudiated by the attitude of the companies toward the proposed new agency contract. "We believe," said Mr. Wilson, "that these agency contracts were conceived in expediency and born in panic; that the fear of having agents declared employees under the social security act blinded the companies to the lack of both wisdom and justice in these one-sided contracts." He hoped, however, that the movement on the part of the Insurance Executives Association for a conference would clear the atmosphere.

The most hopeful development of the year, concluded Mr. Wilson, is the splendid increase in membership and the feeling of solidarity which pervades it. During the past year at least one officer or member of the executive committee has visited every section of the country and it was largely through such contacts that the new plan for allocation of dues was adopted.

ANSWERS

Question—Kindly advise the rights of the insurance company under the following set of circumstances: John Smith owns a farm. On the buildings and contents on this farm, he purchases insurance with a premium of \$300. He orders the insurance from Mr. A who is not a farm writing agent, who has the insurance written by Mr. B. who is a writer of farm insurance. Farmer Smith pays the premium of \$300 to Mr. A who skips out with it. The insurance company, never having received payment through Mr. B cancels the policy for non-payment. Does this cancellation stand or does Mr. Smith have any redress, according to decisions in cases of this kind? Who if anyone, pays Mr. Smith the return premium for the policy he paid for?

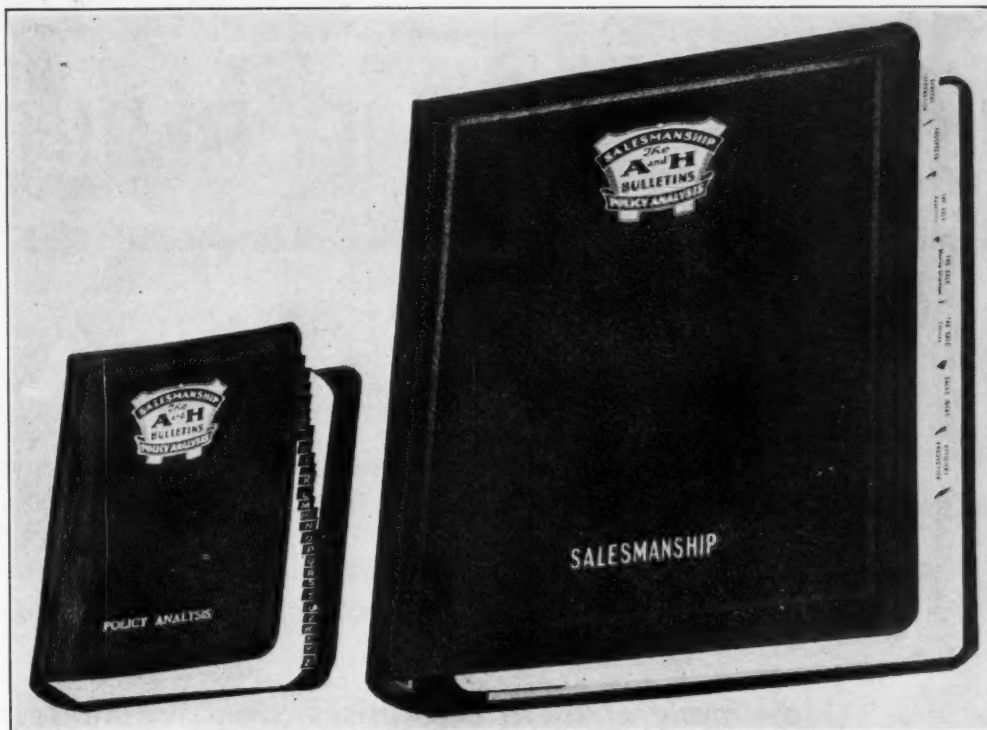
Answer—Legal advisers of companies would say that Farmer Smith had no recourse and that the company was justified in cancelling for non-payment of premium because Agent A was really a broker and did not remit to either the farm agent or the company itself. Of course if the premium had been paid to the farm agent that would have been a different story. However, there have been decisions holding that payment to the broker was payment to the company. This would depend very largely on the statutes of the state in which the insurance was written and probably the facts in connection with the placing of the insurance. The company undoubtedly would file notice of cancellation. It would undoubtedly seek a pleasant way out if it felt that the assured had paid in good faith. However that, in its opinion, would be a gratuitous acknowledgment where there was no liability. In a city like New York where brokers do business direct with companies or a branch office the company would likely be held liable if they failed to remit.

* * *

Question—I read in a recent issue that some company was now writing termite insurance, but I have not been able to find the article in my back copies. I will appreciate it very much if you can send me the name of the company.

Answer—The St. Paul Fire & Marine started to experiment with termite insurance on the Pacific Coast.

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